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REPORTS OF THE SUBSIDIARY BODIES TO THE COUNCIL FOR TRADE IN GOODS

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SECTION I

REPORT OF THE WORKING GROUP ON NOTIFICATION OBLIGATIONS AND PROCEDURES

WORLD TRADE ORGANIZATION

G/L/112
7 October 1996

(96-4062)

REPORT OF THE WORKING GROUP ON NOTIFICATION OBLIGATIONS AND PROCEDURES[1]

I. The Mandate and the Establishment of the Working Group

1. The Marrakesh Decision on Notification Procedures[2] provides in its Part III for the review of notification obligations and procedures as follows:

> "The Council for Trade in Goods will undertake a review of notification obligations and procedures under the Agreements in Annex 1A of the WTO Agreement. The review will be carried out by a working group, membership in which will be open to all Members. The group will be established immediately after the date of entry into force of the WTO Agreement.
>
> The terms of reference of the working group will be:
>
> - to undertake a thorough review of all existing notification obligations of Members established under the Agreements in Annex 1A of the WTO Agreement, with a view to simplifying, standardizing and consolidating these obligations to the greatest extent practicable, as well as to improving compliance with these obligations, bearing in mind the overall objective of improving the transparency of the trade policies of Members and the effectiveness of surveillance arrangements established to this end, and also bearing in mind the possible need of some developing country Members for assistance in meeting their notification obligations;
>
> - to make recommendations to the Council for Trade in Goods not later than two years after the entry into force of the WTO Agreement."

2. This Ministerial Decision was adopted by the General Council on 31 January 1995.[3] On 20 February 1995, the Council for Trade in Goods established a Working Group on Notification Obligations and Procedures to carry out the tasks set by the Decision.[4] At the same meeting,

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[1]The **observations** and conclusions of the Working Group on the specific subjects examined are shown in **bold print** while the **recommendations** for action by the Council for Trade in Goods are shown in **bold print and are underlined**.

[2]The full text of the Decision is set out in Annex I.

[3]Document WT/GC/M/1, paragraph 9.

[4]Document G/C/M/1, paragraphs 6.1-6.3.

Mr. A. Shoyer (United States) was appointed Chairman. This appointment was renewed by the Council for Trade in Goods at its meeting on 14 February 1996.[5]

II. The Task and Organization of the Working Group

3. The Working Group held 11 meetings, on 7 July, 19 October and 28 November 1995, plus 7 February, 11 March, 16 April, 7 May, 6 June, 3 July, 13 September and 3 October 1996.

4. At its first meeting the Working Group noted that it was being called upon to thoroughly review all existing notification obligations in the 12 Agreements listed in Annex 1A of the WTO Agreement, as well as the GATT 1994, including the six Understandings interpreting certain articles thereof. The mandate did not include the Agreements on Services, TRIPs, DSU, TPRM or the Plurilateral Trade Agreements. The question arose at the outset as to whether the recommendations of the Group should focus exclusively on procedural aspects or if they should or could extend to matters entailing possible changes in notification obligations. As noted in the Group's 1995 report to the Council for Trade in Goods (G/L/30, paragraph 2), it was considered that the Group could undertake its work with wide scope to make whatever recommendations it felt appropriate within the terms of reference of the Ministerial Decision. As is borne out in the following sections, however, the recommendations of the Group do not extend to the substantive aspects of the notifications, which the Group considered best served by the respective committees.

5. In launching its work, Members were requested to provide written inputs identifying problems and suggestions, both of a general nature and with respect to particular agreements. The Chairman undertook to contact the chairpersons of various committees with an interest in the Group's work, to encourage them to inform the Group of areas which it could usefully examine. Following replies received, the Chairman observed at the meeting in October 1995 that the committees were well aware of the importance and difficulties in the notification requirements and were actively working towards an efficient system in each of their respective areas of responsibility. For the purposes of this Group, however, he suggested that a horizontal approach across all Annex 1A agreements, would be the most productive. For this, as had been suggested, identification of areas for examination would have to originate with Members directly. The individual Members were exposed to notification demands across the whole spectrum, while the committees were focusing, quite rightly, only on their specific areas of responsibility.

6. To assist the Group in its work, the Secretariat prepared three papers in the early stages: (i) a background note on notification procedures in the GATT since 1979; (ii) a comprehensive list of notifications required from WTO Members under agreements in Annex 1A of the WTO Agreement; and (iii) information on formats for notifications under the covered agreements.[6]

7. The Group's work consisted basically of three phases: the first entailed the development of an inventory of those notification obligations or procedures where Members considered that problems might exist. This was addressed at the three meetings in 1995. The second phase, for the first half of 1996, was dedicated to a detailed examination of these possible problem areas. This was followed by the third phase, in September-October 1996, when the present report was prepared and the Group's recommendations formulated.

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[5]Document G/C/M/8, paragraphs 6.1-6.3.

[6]A list of all documents provided to the Group is contained in Annex II.

8. At its first meeting the Group heard a presentation, for information purposes, on the implementation and operation of the Central Registry of Notifications, created under Part II of the Ministerial Decision. Updates were provided at the Group's meetings in October and November 1995.

III. Overall Observations

9. While the details of the specific work conducted by the Group, along with its observations and recommendations, are set out in Sections A to F below, the Group considered that the following overall observations should be brought to the attention of the Council for Trade in Goods.

10. At the outset of the Group's work, delegations emphasized that a credible notification process was essential for the effective operation of the WTO. Difficulties experienced in the past with respect to notification requirements could be compounded in the future by the increased obligations on Members resulting from the Uruguay Round. Therefore, it was important that the Working Group address aspects of the notification and counter-notification process with a view to improving compliance with obligations, while also seeking to rationalize requirements and avoid duplication. Some stressed, however, that in its efforts towards such goals, the Group should not lose sight of the obligations and objectives in the various agreements and the specific information required for the proper functioning of individual committees. Furthermore, the overall contribution of the notification process to improved transparency and effective surveillance of trade policies and practices should not be compromised.

11. A number of delegations were concerned that it would be difficult to conduct a comprehensive examination of the notification situation at a point in time when Members had only limited experience in the operation of the notification system under the WTO. It was noted that since the entry into force of the WTO on 1 January 1995, little practical experience had been gained in both the preparation of notifications and their examination in the relevant Committees. In some respects, therefore, the work of the Group was seen as being premature, lacking a broad overview of the real difficulties Members would experience in carrying out their notification obligations. This situation would require that the Group examine the notification obligations and arrive at conclusions and recommendations for improvements more on the basis of theory than from practical experience. In these circumstances, it would be difficult to achieve the compromises needed to harmonize procedures in certain areas.

12. With respect to the relationship with other committees, it was also pointed out that this Group might have certain limitations in expertise when it came to examining the specific or technical details of the notification obligations in each of the agreements in question. On the other hand, the Group could provide input from its more detached and global perspective which individual committees might lack. The Group might, therefore, identify problems and make recommendations as to the approach or processes under which specific problems might be dealt with, leaving the actual work of redressing the specific problems, taking note of the recommended approach, to the relevant committees themselves. The view was generally shared that there was no overlap of jurisdiction between the Group and the committees, whose respective responsibilities and perspectives differed in nature.

13. The Group observed that there were three types of notification obligations and procedures in Annex 1A: (i) ad hoc notifications which are specifically required when certain actions are taken by a concerned Member; (ii) "one-time only" notifications, most of which are required to provide information on the situations existing at the entry into force of the WTO Agreement for a Member, or within a specified period calculated from that date; and (iii) the regular or periodic notification obligations (semi-annual, annual, biennial, triennial). Of the 175 notification obligations or procedure found in Annex 1A, twenty-six were deemed to be of the regular or periodic type. In light of the ongoing nature of these obligations and procedures, the Group focused particular attention in its work on these provisions.

14. In the Group's examination of the specific notification obligations and of the questionnaires and formats used to present the required information, the key topics were the potential for overlapping or duplication in the notification obligations and the possibilities for simplifying or standardizing the various questionnaires and formats. After much examination and discussion, the Group found that duplication in the reporting requirements was not a widespread phenomenon. Indeed, only in the case of the Agreement on Agriculture and the Agreement on Subsidies and Countervailing Duties was there sufficient scope for elaborating a recommendation for change. In all other cases the duplication was either minor in its extent or related to one-time notifications which did not warrant change.

15. The Group also found that there was little scope, at this point in time, to improve the questionnaires and formats which had been developed, in many cases, very recently through negotiations in the Uruguay Round. Furthermore, the highly technical nature of the requirements in the agreements convinced many participants that changes should be initiated and developed within the respective committees where the greatest technical expertise and sensitivity resided. In this regard, the Group noted that such work was proceeding in many committees as they developed new or amended questionnaires and guidelines, and elaborated their individual reporting processes. It became clear that the committees were very active in this area rendering less critical the need for the Group to make recommendations.

16. As the Group expanded the scope of its discussions, particularly in the latter stages of its work, it became increasingly aware of the importance of two other topics - improvement in the rate of compliance with notification obligations and the need for assistance in this regard to some developing country Members. Increasingly it was recognized that much work needed to be done to improve compliance rates in all agreements, to ensure the efficient operation of the agreements, to ensure maximum transparency and to bring all Members fully into the functioning of the WTO system.

17. It was further recognized that the key to improved rates of compliance, at least with respect to certain developing country Members, was extensive and carefully focused technical assistance in a number of forms. A concerted effort from three sides was considered to provide the best means of providing this assistance: (i) intensive training to inform Members of their obligations; (ii) guidance in setting up systems in the domestic administration to channel the obligations and the responses; and (iii) a practical handbook to provide detailed information on the preparation of notifications.

IV. The Individual Areas of Examination

18. In the first year, four broad areas were identified by the Group where problems might exist, namely: (a) duplication or overlapping in certain notification obligations; (b) the scope for simplification of data requirements and the standardization of formats; (c) the possibility to coordinate the timing aspects of the reporting processes (uniform periodicity); and (d) the need of some developing country Members for assistance in meeting their notification obligations;

19. As mentioned in the Chairman's informal updating report to the Council for Trade in Goods on 19 March 1996[7], discussion of a further issue, i.e. the question of improving Member's compliance with the notification obligations, was at that point in time in its early stages. Yet a further issue, i.e. the status of notification obligations established pursuant to Decisions of the GATT 1947 CONTRACTING PARTIES, was taken up as of April 1996.

[7]The text of this report is re-printed as an Annex to document G/NOP/6.

20. The points raised in the Group's examination of these six areas, along with its conclusions, observations and, where considered appropriate, recommendations are set out in the following six sections.

Section A: Duplication or Overlapping in Certain Notification Obligations

21. Participants identified four sets of agreements where some elements of duplication or overlapping might exist. These were: (i) Agreement on Trade-Related Investment Measures (TRIMs) and Agreement on Subsidies and Countervailing Measures; (ii) Agreement on Agriculture and Agreement on Import Licensing Procedures; (iii) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) and Agreement on Technical Barriers to Trade (TBT); and (iv) Agreement on Agriculture, Agreement on Subsidies and Countervailing Measures and Article XVI of GATT 1994.

(i) Agreement on Trade-Related Investment Measures (TRIMs) and Agreement on Subsidies and Countervailing Measures (Subsidies Agreement)

22. As regards the possible duplication or overlapping in the TRIMs and Subsidies Agreements, it was noted that the Subsidies Agreement prohibited specific subsidies of a type which might have a parallel in the TRIMs Agreement, namely those subsidies which were contingent upon the use of domestic over imported goods (Article 3.1). These could not be granted or maintained under the Subsidies Agreement although special provisions in its Article 27.3 indicated that this prohibition need not be applied for five and eight years to LDCs and LLDCs respectively. In the TRIMs Agreement, the Annex pointed to certain measures that were inconsistent with the national treatment obligations in GATT Article III:4 and which might be of a similar nature to those covered by the Subsidies Agreement.

23. The Group noted, however, that the TRIMs notification in this regard was a one-time obligation and was due within 90 days of the entry into force of the WTO followed by the elimination of any measures not in conformity with the Agreement within two years (five for LDCs and seven for LLDCs). At the time of the examination of this matter, the 90-day period had elapsed for such notification while for new Members the obligation would remain, but as a one-time only requirement.

24. **The Group concluded that while these TRIMs measures could be maintained by some Members for certain periods of time, they would have to be notified only on one occasion under this Agreement and although some element of duplication with the Subsidies Agreement was present, there would be little purpose in the Group taking steps to address non-recurring duplication. No further action by the Group was considered necessary.**

(ii) Agreement on Agriculture and Agreement on Import Licensing Procedures

25. With respect to the potential for duplication between the Agreement on Agriculture and the Agreement on Import Licensing Procedures, it was noted that, pursuant to Article 7.3 of the latter Agreement, Members were required to complete the annual questionnaire and submit it to the Committee on Import Licensing by 30 September each year. This questionnaire required Members to provide a description of their import licensing system, its purposes, coverage and procedures and all related conditions and documentation. Changes to a Member's system made in the interim were to be reported on an ad hoc basis. Under the Agreement on Agriculture it was possible for a Member to establish a licensing system as part of a tariff or other quota allocation programme. Full notification of any such quota administration system was required on a "one-off" basis in 1995 with any substantial changes

in the system being notified ad hoc. The specific informational requirements for notifications under the Agreement on Agriculture were summarized in document G/AG/2.

26. This examination generated discussion of the broader question whether agriculture tariff rate quota systems with import licensing procedures needed to be included in general notification obligations of the Agreement on Import Licensing Procedures. One view was that since the import licensing questionnaire was all-inclusive, all licensing schemes, no matter what their source, needed to be included in the notifications to that Committee. There were no provisions in either Agreement for an exclusion. Another view was that under tariff rate quotas, where the importer was free to make out-of-quota imports, the quota allocation was not a prior condition for imports and was not covered by the Agreement on Import Licensing Procedures. On this latter basis, there would be no overlapping between the two Agreements.

27. While bearing this in mind, some participants were of the view that the actual extent of overlap in the areas of Agriculture and Import Licensing was minimal. The view was also expressed that the overlap between the Agriculture and Import Licensing Agreements reflected a legal difference which could entail an interpretation of the notification obligations themselves. It was questioned if such matters were appropriate to this Group or rather should be left to the respective committees.

28. In considering all of these points, the Group concluded that, in these particular circumstances, efforts to remove the possible duplication were not warranted. No further action by the Group was considered necessary.

(iii) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) and Agreement on Technical Barriers to Trade (TBT)

29. The Group noted that the TBT Agreement required notification of proposed new or changed technical standards or regulations, while the SPS Agreement required that Members notify proposed new or changed sanitary or phytosanitary regulations which could significantly affect trade. Provisions also exist in both for emergency actions to be subsequently notified. The Group also observed that the notification formats and the procedures agreed by both the TBT and the SPS Committees were very closely aligned in recognition of the fact that often the same officials were responsible for notifications under both agreements and the type of information requested was also similar. It was clear that there was the possibility of some overlap in that a single regulation might contain elements which were relevant to the SPS Agreement and other elements which were relevant under the TBT Agreement. However, both Committees had committed to coordinate closely in this respect and to work with the governments concerned to limit any duplications.

30. In fact, the potential for overlap between TBT and SPS notifications has long been recognized and in November 1995 a joint meeting of the two committees was held to examine notification problems (G/TBT/W/16 and G/SPS/W/33). To deal with instances where a notification contained elements relevant to both TBT and SPS, two suggestions were advanced: a Member could submit a single notification to the Secretariat to be circulated as both an SPS and TBT Committee document but clearly indicating the respective SPS and TBT elements of the proposed regulation, or Members could separate the subject matter into individual notifications for the SPS and TBT Committees each containing only the relevant information.

31. After examination of the possible duplication, the Group was of the view that the subject matters and operation of these two agreements were clearly intended to be kept separate. Article 1.5 of the TBT Agreement states that the provisions of that agreement do not apply to sanitary and phytosanitary measures as defined in Annex A of the SPS Agreement. Some participants also felt the problem was

being resolved over time as Members became more familiar with the operation of the two Agreements, and the two Committees were aware of the problem and had been jointly working to resolve it.

32. **Accordingly, the Group concluded that the problems encountered in respect of these two Agreements were more in the nature of a possible confusion as to which Agreement should be invoked in making the notification, that is, was the matter being notified a subject appropriate to the SPS or TBT Agreements? It was not considered to be a question of duplication, but a "mechanical" problem, with the distinction between the reporting processes of these two agreements being generally understood by Members. No further action by the Group was considered necessary.**

(iv) Agreement on Agriculture and Agreement on Subsidies and Countervailing Measures (Subsidies Agreement)/Article XVI of GATT 1994

33. From the outset, it was recognized that there were differences in the objectives of the notification procedures of these agreements. In the Agriculture Agreement, the objective of subsidy notification was to ensure compliance with the reform programme which was largely based on quantitative measurements while in the Subsidies Agreement and Article XVI of GATT 1994[8], the notifications procedures had the objective of setting out legal, economic and other qualitative information related to the commitments themselves. It was considered that it might be possible to work towards a degree of unification in the notification formats, and perhaps a common format. It was stressed that care must be taken to ensure that efforts to arrive at a common format in this area would not have the effect of exempting certain products or subsidies from notification. One benefit of eliminating duplication would be to encourage broader fulfilment of these notification requirements by all Members.

34. After lengthy discussion of possible approaches to this question, New Zealand provided a paper (G/NOP/W/7) which set out three options on how to approach the question of duplication/overlapping in the notification of agricultural subsidies. The first option was that no change should be made to the present arrangements; rather, the Group could decide to review the arrangements at a specified date in the future when Members would have had the experience of a full cycle of notifications in their present format. The second option foresaw the development of a revised notification format for agricultural subsidies which would merge the two current sets of obligations, resulting in one single notification format meeting the requirements of all three Agreements. The third option would start with the Agriculture Agreement notification format and add to it the additional qualitative information required by the Subsidies Agreement notification format to respond to the needs of all three Agreements through one format.

35. In the ensuing discussions, some participants indicated a preference for the first option of making no change to the present formats at this time. They considered that it was too early to undertake a review of the notification process without the experience of a full cycle of Subsidies and Agriculture notifications; some Members had not yet submitted their Subsidies Agreement or Article XVI notifications and many Agriculture Agreement notifications were due only later in 1996. Some considered that the Group did not have enough basic information to make reliable judgements or recommendations in this matter. Others were of the view that the present notification requirements had not presented serious problems; that the agreements did not have extensive specific overlapping; and therefore, they did not warrant substantive changes.

[8]Notifications required by Article XVI:1 of GATT 1994 are currently subject to the questionnaire format developed by the Committee on Subsidies and Countervailing Measures (G/SCM/6).

36. Other participants, however, considered that options two and three presented a good basis for a substantive discussion in the Group. It was stressed that a single notification format for agricultural subsidies would simplify the administrative process by removing the double collection of information on the same programmes. There were a number of descriptive or information requirements in the Subsidies format which could be accommodated in the format adopted for the Agriculture Agreement, such as the titles of the programmes and information on their operation. It was considered worthwhile to examine the possibility of adding these to the Agriculture format to arrive at a single notification while not changing the transparency of substantive obligations of the Agreements concerned. In addition, the United States suggested in a paper (G/NOP/W/8) that the Group consider the elimination of requirements to provide information on subsidy per unit and trade effects of agricultural subsidies, except where information is reasonably available for commodity-specific programmes.

37. To illustrate its suggestions, the United States provided a paper (G/NOP/W/10) which started with the existing notification requirements relating to domestic support and export subsidies under the Agreement on Agriculture and added a number of questions under the columns which required descriptions of policies. These questions were taken from the notification requirements under the Subsidies Agreement and Article XVI of GATT 1994. The objective was to combine the statistical features of the Agriculture Agreement notifications with the descriptive elements of the Subsidies requirements. This would provide a fuller explanation of subsidy policies in both a quantitative and contextual basis. The proposal would apply only to subsidies covered by the current agricultural subsidy notifications; other types of subsidies would remain subject to the notification procedures of the Subsidies Agreement and Article XVI of GATT 1994.

38. The European Community also introduced a paper (G/NOP/W/11) which went in the same direction as that of the United States starting with the Agriculture format and supplementing it with details from the Subsidies format. They considered that the duplication in these requirements could be avoided by creating a single format which would be applicable only to agricultural subsidies.

39. A number of participants, including Argentina (G/NOP/W/12), commented on these proposals. In particular, they stressed that the goal of any recommended modifications to the notification formats should be to meet all of the informational requirements of the Agreements concerned while removing the reporting duplication. However, simplification must not entail changes in the notification obligations themselves, nor impair the achievement of the objectives of the Agreements. They observed that the proposal of the United States, as supported by the European Community, would involve modifications to elements found in the Subsidies Agreement.

40. The question of timing under a unified format was also examined. It was stressed that the proposed revisions to the notification formats would not alter existing deadlines. Members would continue to be subject to the various deadlines for notifications in both the Agreement on Agriculture and the Subsidies Agreement, and those established by the Committees. Members could use the formats to notify measures to the Committee on Agriculture according to the intervals determined by that Committee in G/AG/2 (according to crop year, marketing year, etc.), and could submit the same notifications to the SCM Committee no later than 30 June of each year to satisfy the notification obligations and procedures of the Subsidies Agreement.

41. After extensive discussion, the Chairman undertook to prepare a text for the Group's consideration, drawing on these proposals and the points raised in the Group's discussions. His draft text (G/NOP/W/15) contained notification formats for measures that were subject to the notification obligations and procedures of both the Agreement on Agriculture, on the one hand, and the Agreement on Subsidies and Article XVI of the GATT 1994, on the other. Certain supporting tables adopted by the Committee on Agriculture (G/AG/2) were modified so that a Member could use the formats adopted by the Committee on Agriculture to satisfy the existing requirements in that Agreement (G/AG/2)

as well as the elements set forth in Article 25.3 of the Subsidies Agreement, Article XVI of the GATT 1994 and the relevant portions of the formats adopted by the Committee on Subsidies and Countervailing Measures (G/SCM/6). No other revisions to these documents were proposed and nothing was deleted from the documents. The Chairman noted that the adoption of these revised documents would not suggest that the scope of review of the relevant Committees had been modified. Some of the information in the new formats would not be relevant under the provisions of all of the relevant agreements and it was clear that each Committee would be required to examine only the information falling within its mandate.

42. The Chairman's Text was presented at the July 1996 meeting and was examined in detail at the September meeting.

43. **The Working Group recommends that the Council for Trade in Goods request the Committee on Agriculture to consider the modified notification formats contained in the draft revision to document G/AG/2, as set out in document G/NOP/W/15 and that the Council for Trade in Goods request the Committee on Subsidies and Countervailing Measures to consider the modified notification formats contained in draft revision to document G/SCM/6, as set out in document G/NOP/W/15. Both Committees should consider the modified notification formats with a view to achieving greater coherence and efficiency in the notification system.**

Section B: The Scope for Simplification of Data Requirements and the Standardization of Formats

44. The Group noted that questionnaires and formats had been developed both through the Uruguay Round negotiating process and through the work of some committees to facilitate the presentation of the information required to be notified. In this regard the questions raised in the initial consideration of this topic were: (i) if any of these formats went beyond the obligations of the agreements concerned; (ii) if there were any further areas which would lend themselves to standardized formats; and (iii) could formats be developed such that one submission could respond to the requirements of more than one agreement. To assist these discussions, the Secretariat prepared a list of all agreements for which notification formats had been developed (G/NOP/W/3).

45. There was concern in examining this topic that changes to formats would require both technical expertise on the nature and goal of the agreement itself as well as a sensitivity to the negotiation background of the existing formats. Hence the suggestion was made that possible improvements under this topic should be the responsibility of the respective committees which possess the specific technical expertise. It was stressed that, at a minimum, this Group should not propose to modify formats without the consideration and input of the concerned committees.

46. It became clear through several months of examination and reflection that it would not prove fruitful for this Group to conduct a detailed examination of all the individual formats and questionnaires currently being used in the various committees. Accordingly, it was decided that the Chairman should send a note to the chairpersons of the committees in the "goods" area indicating that these issues had been discussed in the Working Group and would continue to be considered, but that it might be useful to have these questions examined in the relevant committees as well. Subsequently, a number of responses were received indicating that the committees were considering, as an ongoing responsibility, the various aspects of the questionnaires and formats, adapting existing ones as circumstances warranted and, in some cases, developing new ones.

47. To assist the Group in its efforts to maintain an awareness of the work which was being done in the various committees on this topic, the Secretariat assembled an overview of such discussions drawing upon committee meeting reports or minutes (G/NOP/W/13).

48. **In the absence of any firm proposals under this topic and recognizing that several committees were actively working to improve their own systems, the Group decided that no further action was necessary.**

Section C: Coordination of Timing Aspects of the Reporting Processes

49. It was suggested that the Group could usefully examine the scope for improvements in the timing aspects of the notification process as the overall burden of preparing, submitting and reviewing notifications might be eased if these obligations were not grouped at certain times but were staggered over the full year.

50. To assist the Group in this discussion, the Secretariat prepared a document (G/NOP/W/5) setting out the timing aspects of the notification requirements in the agreements in the "goods" area. It was found that there were 175 such notifications comprising 106 ad hoc requirements whereby a Member was obliged to submit a notification only if a specific action was taken and 43 one-time only obligations, most of which related to the implementation of the agreements in 1995 or upon accession. There were also a further 26 regular or periodic requirements (3 semi-annual, 17 annual, 3 biennial and 3 triennial).

51. The Group examined the regular notifications with specific reporting dates, and noted in particular that the dates set out in the agreements had particular relevance to the obligations of each particular agreement and to the needs of the respective committees. It was considered that this was not a question for separate examination but might be more appropriately included in the Group's examination of two other topics, duplication/overlapping and simplification/standardization. It was suggested that in making proposals on these two topics, consideration of the timing aspects should be built in to such proposals rather than their being dealt with as a stand-alone item.

52. **On this basis, the Group decided not to pursue the topic of timing as a separate matter.**

Section D: The Need of Some Developing Country Members for Assistance in Meeting their Notification Obligations

53. Opening the consideration of this item, some developing country participants pointed out that in view of the ever-increasing workload, combined with limited resources in the small delegations, they had great difficulty in advising their governments on all aspects of the notifications required. Many developing countries had difficulty understanding the frequently complex and highly technical information demanded, and therefore faced a prohibitive task in providing complete responses to the notification requirements and formats. While they recognized that these notifications were part of their Membership obligations and they were prepared to respond to the maximum of their abilities, there were serious constraints to what they could achieve due to their limited resources. In this regard it was recognized that the WTO Technical Co-operation and Training Division was aware of the problem, had developed two workshops for delegations on this specific topic in 1995 and 1996 and would continue to provide assistance on notification obligations through their seminars and other programmes. More generally, the Group noted that the Committee on Trade and Development was in the process of drawing up guidelines for the technical cooperation activities of the WTO as they relate to developing country Members.

54. As participants considered the specific needs of the developing, and particularly of the least-developed country Members, a number of questions were raised including: whether some additional forms of special and differential treatment in respect of the obligations themselves should be considered or if greater technical assistance to meet the existing obligations would be the most appropriate. With respect to the former, it was suggested that simplified formats might be developed for the developing countries with more detailed information being provided to the committees only when requested. In some situations, prolonged time-frames might be considered.

55. Some participants did not favour such approaches, considering that the information in the agreed formats reflected the obligations which all Members had undertaken and were vital to the efficient operation of the agreements and to maintain full transparency. It was also noted that several agreements already included special considerations for developing or least-developed country Members, particularly as regards time-frames for the application of substantive obligations.

56. Another idea was that explanatory commentaries should be prepared for each agreement on how to complete the questionnaires/formats. In this connection, the Group agreed that the technical cooperation programmes of the WTO were a sound vehicle for assisting developing countries in meeting their notification obligations. Particular reference was made to the two notification workshops mentioned above, and to seminars which were being held on this topic in the regions. It was suggested that, to maximize the effectiveness of these programmes, they should not be "one-off" seminars but followed up and broadened.

57. A formal proposal made by Chile and Norway was that a practical handbook or manual should be developed setting out the notification obligations, questionnaires or formats, guiding the Members through the information required to complete the submissions. On the basis of this proposal, the Group expanded the concept further leading to the development of a five-part draft document which would contain (i) a description of the notification obligations in the agreement based on the presentations made by the Secretariat staff at the February 1996 workshop; (ii) a list of the specific notification obligations in the respective agreements drawn from document G/NOP/W/2/Rev.1; (iii) all documents issued by the committees containing questionnaires, formats and guidelines for each agreement; (iv) mock examples of fully completed notifications; and (v) the text of the relevant agreement. A separate, loose-leaf handbook would be prepared for each agreement on this basis. To assist the Group, a model of the handbook for two agreements was prepared by the Secretariat. It was further agreed that the handbook would include a disclaimer to make it very clear that it was not a legal interpretation of any agreement but was a practical tool of the WTO technical assistance programme. The handbook would be provided to the Chairmen of various committees for their information and input.

58. As the discussions proceeded and the handbook took shape, many delegations commented that such a handbook could prove so helpful that it should not be delayed several months until the formal conclusions of the Group's work programme, in particular since the WTO Secretariat could undertake such work anyway within its resources. Indeed, many delegations desiring to meet their notification obligations had already been seeking technical assistance in this area. The Group noted that no Member appeared to have difficulty with the concept of a practical handbook, and that there was in fact broad agreement on its structure and contents. The Group was also informed of work underway along similar lines in the Technical Co-operation and Training Division in response to requests from Members.

59. **The Group recognized (a) the considerable information made available through the notification seminars which had been arranged by the Secretariat and encouraged their continuation on a regular basis; and (b) the benefit a practical handbook would provide to many Members and supported the initiatives to prepare and circulate it as soon as possible. It was noted that these activities were being carried out by the Technical Cooperation and Training Division as**

part of that Division's regular work programme. The handbook would be updated, as necessary, by that Division.

60. The Group was subsequently informed that the first portion of the handbook containing information on four agreements (Rules of Origin, Textiles, SPS and TBT) had been circulated to all Members; the second portion containing information on six further agreements was being translated and would be circulated as soon as possible; and information on the remaining agreements was under preparation.

61. One suggestion advanced was that industrialized countries could provide direct assistance to developing countries by exchange of visits of technical experts to discuss with and assist developing country Members in the preparation of responses to notification obligations. After discussion on the possible modalities of such an exchange programme, it found little favour and was not pursued.

Section E: The Status of Notification Obligations Established Pursuant to Decisions of the GATT 1947 CONTRACTING PARTIES

62. The Group examined the list of notification obligations in document G/NOP/W/2/Rev.1, section II(b), which were created by Decisions of the GATT 1947 CONTRACTING PARTIES. It was suggested that some of these CONTRACTING PARTIES Decisions might be redundant or obsolete in the current situation. Those cited were: (a) Items 2, 3 and 4 on pages 48 and 49 of G/NOP/W/2/Rev.1 on CPs Decisions relating to Quantitative Restrictions and Non-tariff Measures which appear to be superseded by the Council for Trade in Goods Decisions of 1 December 1995 (G/L/59 and G/L/60); (b) Item 6, also on page 49, on Import Licensing Procedures which appears to be superseded by the WTO Agreement on Import Licensing Procedures plus the new Questionnaire (G/LIC/3); (c) Item 8 on page 50 on Marks of Origin (GATT Article IX) for which, according to the notes in the 1995 edition of the GATT Analytical Index, there have been no submissions since 1961; and (d) Item 12 on Liquidation of Strategic Stocks which dates back to a CPs Decision in 1955.

63. The questions posed under this topic were (i) are these obligations now redundant or obsolete; (ii) are there any others; (iii) if they are redundant or obsolete how should they be addressed; and (iv) what legal process should be followed.

64. The Group was of the view that the CP Decisions in point (a) above may have been superseded by the procedures adopted after the entry into force of the WTO Agreement and considered that they should be examined in greater detail. The Group decided that the CPs Decision in point (b) above was clearly superseded by the procedures adopted after the entry into force of the WTO Agreement and the earlier Decision could now be proposed for deletion. The CPs Decisions in points (c) and (d) above were possibly obsolete but the need to continue to maintain these notification obligations would have to be examined in greater detail.

65. **Accordingly, the Working Group recommends that the Council for Trade in Goods request the General Council to take the necessary steps to eliminate the notification obligations in the Decisions of the GATT 1947 CONTRACTING PARTIES relating to import licensing procedures (L/3756 and SR/28/6). The Group further recommends that the Council for Trade in Goods refer the Decisions of the GATT 1947 CONTRACTING PARTIES relating to quantitative restrictions and non-tariff measures (BISD 32S/92-93 and BISD 31S/227-228), Marks of Origin (BISD 7S/30-33) and Liquidation of Strategic Stocks (BISD 3S/51) to the appropriate bodies for further consideration.**

Section F: Improving Members' Compliance with Notification Obligations

66. The goal of improving the compliance with the notification obligations and procedures under Annex 117 was recognized as a key responsibility of all Members to maximize transparency of trade policies and measures. Accordingly, the Group considered that the question of compliance deserved very careful examination as it touched upon the very functioning of the WTO system. To consolidate the gains of the Round, each and every agreement must be fully and faithfully implemented. That requires very detailed monitoring by the responsible committees and councils which, in turn, could only be achieved if there is sufficient transparency - which means compliance with the notification obligations.

67. To assist the Group in examining this item, the Secretariat prepared two papers - G/NOP/W/9 which set out general information on the volume of notifications received up to mid-February 1996 with some analysis of the degree of compliance, and G/NOP/W/14 which listed the periodic and one-time obligations and the notification situation in this regard of each individual WTO Member.

68. The examination of the situation in compliance as reported in document G/NOP/W/9 involved the examination of over 1500 notifications received in the first fourteen months of the WTO. It revealed that over 40 per cent of all notifications were of technical regulations under the TBT and SPS Agreements. The next largest quantities of notifications were in the areas of subsidies (10 per cent), textiles (9 per cent), anti-dumping (8 per cent), safeguards and rules of origin (6 per cent each). What was also important, over 80 per cent of the notifications received were either ad hoc (required only when a specific action was taken) or one-time only (usually in relation to entry into force of the agreements). Therefore, only about 18 per cent of all notifications received were regular or periodic. The exact rates of compliance with the one-time and periodic notification obligations were sometimes difficult to calculate as not all Members were obligated to provide all notifications at that time; nevertheless, it was clear that compliance rates varied greatly and few exceeded 50 per cent.

69. Among the questions raised in the discussions of this topic: (i) was there a link between the volume of notifications to be made by Members and the degree of compliance; (ii) did the complexity of the questionnaires/formats reflect on compliance rates; (iii) could the timing of notifications affect compliance; and (iv) could specific obligations that attract a low or for that matter a high compliance rate be identified? Although there were no clear replies to these questions, the discussion brought out several points.

70. A number of opinions were advanced as to why compliance rates were low. One was that the WTO Agreements had been in place for just over one year and the demands at the outset were considerable. Notifications of measures in place upon entry into force of the WTO Agreements and of laws and regulations, etc. added to the initial burden. New systems had to be developed in capitals to handle the greater demands and these would require some time to get "up to speed". It was also noted that many administrations had limited resources to coordinate the substantial demands both in the WTO and in the capitals. A number of Members had no mission in Geneva, which further complicated their task. The Group considered that compliance frequently suffered because of a lack of awareness in some capitals, particularly in the ministries more removed from the offices which usually dealt with WTO matters. This would hinder comprehension of the requirements and delay or even prevent the submission of information.

71. The Group considered that the information contained in G/NOP/W/14 on all periodic and one-time notifications requirements and the responses to these obligations by all WTO Members provided a comprehensive overview of Members' participation and thereby improved the transparency of the system and assisted Members in seeing their own individual situation at a glance. A number of participants commented that this full listing had been found helpful in the capitals and would provide

a positive impetus to the task of improving compliance. This document has been updated to the end of August 1996 and is included in this report as Annex III.

72. The Group recommends that a comprehensive listing of notification obligations and the compliance therewith by all WTO Members be maintained on an ongoing basis and be circulated semi-annually to all Members. In addition, the Council for Trade in Goods might consider an updating of the listing of notifications received, as set out in Annex III to this report, prior to the Singapore Ministerial Meeting.

73. A number of suggestions were made on how compliance rates could be improved. One was that there could be a central entity or office in each Member responsible for coordinating that Member's notification submissions in all areas. The Group fully accepted that some form of coordination in the capitals to improve the flow of information both to and from Geneva and among the various ministries would be an important assistance to the notification process. It was recognized that different Members would require different domestic structures and, indeed, some had already established such coordination offices.

74. **The Group recognized that benefits were possible both to the individual Members and to the WTO System from a central national coordination of notification submissions, and recommended this for consideration by individual Members.**

75. Another suggestion was that the Council for Trade in Goods could develop guidelines to assist the committees in administering the notification system. These guidelines could include regular review of their notification questionnaires or formats, regular reminders to be made prior to each meeting on the notification situation in each Member, and the regular publication of the situation as regards compliance with the notification obligations. In this regard, the Group observed that the more active committees were in this area and the more persistent in requesting notifications, the higher were their rates of compliance.

76. **The Group, therefore, recommends that the Council for Trade in Goods consider the preparation of general guidelines for the bodies under its purview, providing for the regular review of questionnaires and formats and of the situation as regards compliance with notification obligations.**

77. The Group also touched on the possibilities for using electronic means for transmitting information. Although this concept was not elaborated, it was clear that many Members could see merit in having the possibility to submit notifications electronically and to have access to the notification of others through such means.

78. The Group examined a proposal that a special programme of assistance to developing country Members, and particularly the least-developed, should be considered. This would provide for more intensive assistance, possibly with the participation of other organizations, focusing on the development of the systems and structures required to respond to the notification obligations. Such a programme might involve, for example, missions of an appropriate duration which would require a pool of knowledgeable people prepared to spend sufficient time in the recipient Member countries to achieve the goals. It was also noted that this proposal envisaged a new programme, beyond those already operating under the WTO's technical cooperation programme, and would, therefore, require consideration not only of the content and coverage of such assistance, but also the financial and human resources aspects. In view of the time constraints, the Group was not able to elaborate this proposal further, but considered it to be of importance and that it should form part of the recommendations to the Council for Trade in Goods.

79. **Accordingly, the Group recommends that active consideration be given in the appropriate WTO bodies to the development of a special programme of assistance to developing country Members and particularly to the least-developed country Members providing more intensive technical assistance, possibly with the participation of other organizations, focusing on the development of systems and structures required to respond to notification obligations.**

80. The Group also considered a suggestion concerning the semi-annual reminders issued by the Central Registry of Notifications pursuant to Part II of the Marrakesh Decision on Notification Procedures. While this topic was outside the purview of the Working Group, in view of the proximity of the subject matter to the topics under discussion - improving Members' compliance - the Group offered the **observation that the reminders issued by the CRN would be of greater assistance to Members if they provided basic descriptions of the information being sought**. This could take the form of brief descriptions of the notification obligations being referred to, reference to the related provisions in the notification handbook, an indication if a "nil" report was required in cases where the Member did not maintain the measure in question, and similar information of a pedagogic nature.

Future Work in this Area

81. The Group, bearing in mind the observations made in paragraphs 11 and 12 of this report, was of the opinion that the detailed, technical review of notification obligations and procedures in each individual agreement should be an ongoing responsibility of the committees overseeing the functioning of the respective agreements. However, the Group also saw benefit in conducting periodic reviews of the operation of the entire notification process from a more detached and global perspective under a mandate along the lines of the present Working Group. It was considered that this could be achieved: (a) through the extension of the mandate of the current Working Group; (b) through the establishment by the Council for Trade in Goods of a new working group, at an appropriate time, to address Annex 1A agreements; or (c) through the establishment, at an appropriate time, of a new working group under the General Council to address notification obligations in Annexes 1A, B and C. Such work could be undertaken with a view to developing recommendations for a future Ministerial Conference.

82. **Accordingly, the Group recommends to the Council for Trade in Goods that it request the Ministerial Conference or the General Council to consider the establishment, at an appropriate time, of a body with a mandate to review the notification obligations and procedures throughout the WTO Agreement. Alternatively, consideration might be given to the establishment of a body, or the extension/modification of the mandate of the current Working Group, to conduct, at an appropriate time, a further comprehensive review of the notification obligations and procedures in the agreements in Annex 1A of the WTO Agreement. It was suggested that future work also encompass matters relating to the Central Registry of Notifications, electronic transmission of notifications and further work on the notifications handbook.**

ANNEX I

DECISION ON NOTIFICATION PROCEDURES

Ministers,

Decide to recommend adoption by the Ministerial Conference of the decision on improvement and review of notification procedures set out below.

Members,

Desiring to improve the operation of notification procedures under the Agreement Establishing the World Trade Organization (hereinafter referred to as the "WTO Agreement"), and thereby to contribute to the transparency of Members' trade policies and to the effectiveness of surveillance arrangements established to that end;

Recalling obligations under the WTO Agreement to publish and notify, including obligations assumed under the terms of specific protocols of accession, waivers, and other agreements entered into by Members;

Agree as follows:

I. General obligation to notify

Members affirm their commitment to obligations under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, regarding publication and notification.

Members recall their undertakings set out in the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance adopted on 28 November 1979 (BISD 26S/210). With regard to their undertaking therein to notify, to the maximum extent possible, their adoption of trade measures affecting the operation of GATT 1994, such notification itself being without prejudice to views on the consistency of measures with or their relevance to rights and obligations under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, Members agree to be guided, as appropriate, by the annexed list of measures. Members therefore agree that the introduction or modification of such measures is subject to the notification requirements of the 1979 Understanding.

II. Central registry of notifications

A central registry of notifications shall be established under the responsibility of the Secretariat. While Members will continue to follow existing notification procedures, the Secretariat shall ensure that the central registry records such elements of the information provided on the measure by the Member concerned as its purpose, its trade coverage, and the requirement under which it has been notified. The central registry shall cross-reference its records of notifications by Member and obligation.

The central registry shall inform each Member annually of the regular notification obligations to which that Member will be expected to respond in the course of the following year.

The central registry shall draw the attention of individual Members to regular notification requirements which remain unfulfilled.

Information in the central registry regarding individual notifications shall be made available on request to any Member entitled to receive the notification concerned.

III. Review of notification obligations and procedures

The Council for Trade in Goods will undertake a review of notification obligations and procedures under the Agreements in Annex 1A of the WTO Agreement. The review will be carried out by a working group, membership in which will be open to all Members. The group will be established immediately after the date of entry into force of the WTO Agreement.

The terms of reference of the working group will be:

— to undertake a thorough review of all existing notification obligations of Members established under the Agreements in Annex 1A of the WTO Agreement, with a view to simplifying, standardizing and consolidating these obligations to the greatest extent practicable, as well as to improving compliance with these obligations, bearing in mind the overall objective of improving the transparency of the trade policies of Members and the effectiveness of surveillance arrangements established to this end, and also bearing in mind the possible need of some developing country Members for assistance in meeting their notification obligations;

— to make recommendations to the Council for Trade in Goods not later than two years after the entry into force of the WTO Agreement.

ANNEX II

List of Working Documents Issued by the Group

Document Number	Date	Title
G/NOP/W/1	30/06/95	Background Note by the Secretariat on Notification Procedures in the GATT since 1979
G/NOP/W/2 & Rev.1	30/06/95 & 25/09/95	Notifications Required from WTO Members Under Agreements in Annex 1A of the WTO Agreement
G/NOP/W/3	22/09/95	Information on Formats for Notifications Under the Agreements in Annex 1A of the WTO Agreement
G/NOP/W/4	03/11/95	Communication from the United States
G/NOP/W/5	21/11/95	Timing Aspects for the Notification Requirements in the Agreements in Annex 1A of the WTO Agreement
G/NOP/W/6	21/11/95	Notification Requirements in the Agreements in Annex 1A of the WTO Agreements Which Appear to have some Elements of Duplication
G/NOP/W/7	14/02/96	Communication from New Zealand
G/NOP/W/8	21/02/96	Communication from the United States
G/NOP/W/9	08/03/96	Information on Compliance with the Notification Obligations Under the Agreements in Annex 1A of the WTO Agreement
G/NOP/W/10	11/04/96	Communication from the United States
G/NOP/W/11	16/04/96	Communication from the European Community
G/NOP/W/12	30/04/96	Communication from Argentina
G/NOP/W/13	10/05/96	Information on Discussions Being Held in Various WTO Committees Related to Topics Under Examination in the Working Group
G/NOP/W/14	20/05/96	Information on Notifications Made Under the Agreements in Annex 1A of the WTO Agreement
G/NOP/W/15	02/07/96	Chairman's Text
G/NOP/W/16	21/08/96	Draft Report of the Working Group to the Council for Trade in Goods
G/NOP/W/16/Rev.1	27/09/96	Draft Report of the Working Group to the Council for Trade in Goods: Revision

ANNEX III

INFORMATION ON NOTIFICATIONS MADE UNDER THE AGREEMENTS IN ANNEX 1A OF THE WTO AGREEMENT

1. At the request of the Working Group on Notification Obligations and Procedures, at its meeting held on 16 April 1996 (G/NOP/6, paragraphs 25-28), the Secretariat compiled a listing of regular/periodic and "one-time" notification obligations under the Agreements in Annex 1A of the WTO Agreement and of notifications submitted pursuant to these obligations up to 1 May 1996. This listing was circulated in document G/NOP/W/14.

3. This Annex modifies and updates the previous listing to cover the period up to 31 August 1996. Explanatory notes are set out on pages 19 to 23.

2. This information is drawn from the notifications which have been entered into the Central Registry of Notifications, as well as some additional notifications received but not yet entered into the CRN. The cut-off date of 31 August 1996 has no particular significance, but was chosen in order to present as recent a picture of the situation as possible.

3. This Annex does not address the qualitative aspects of these notifications, that is, the extent to which the content of the submissions satisfies the informational requirements of the various obligations.

EXPLANATORY NOTES

1. This table sets out notification obligations of a regular/periodic nature (i.e. semi-annual, annual, biennial or triennial) and notifications required on a "one-time only" basis. It does not include ad hoc notifications, that is, those which must be provided only if a certain action is taken. It also does not include those regular/periodic or "one-time" notification obligations listed in document G/NOP/W/2/Rev.1, relating to Marks of Origin (page 50, item 8), Regional Arrangements (page 52, item 13 and page 55, item 7), Balance of Payments (page 54, item 5) and the Integrated Database (page 52, item 15).

2. The symbols used are as follows:

   (a) "X" denotes that a notification has been received in the WTO. Subsequent addenda or corrections to notifications are not counted as additional notifications.

   (b) A blank indicates that this is a requirement applicable to the Member concerned, but that no notification has been received up to the cut-off date.

   (c) "NA" indicates that the requirement was not applicable for this WTO Member during the period covered by the Note.

   (d) "0" indicates that no notification was received from the Member and that this is a requirement which is:

      (i) applicable only to those Members maintaining the type of measure or taking the action in question but for which it was not possible to determine whether the Member maintained that type of measure or took the action in question;

      or

      (ii) permitting certain Members to take advantage of special treatment.

3. The abbreviations for the Agreements and Understandings shown in the column headings and their full titles are as follows:

_____	_____

4. On 31 August 1996, there were 123 WTO Members. The list of WTO Members in the first column, however, comprises 108 names as the European Community and its 15 member States provide one notification for each of the respective requirements. In the case of Agriculture, Switzerland's notifications are taken to cover Liechtenstein as these two Members have a joint Schedule.

5. The following notes apply to specific agreements:

Agreement on Agriculture

(a) Notifications may be submitted according to various bases (calendar, crop, fiscal years, etc.); the absence of a notification does not necessarily indicate an outstanding obligation as they may be due only later in 1996. However, the time limit for submission of MA:1 notifications has now passed for all Members.

(b) For Tables MA:1 and MA:2 (Tariff and other quotas - Article 18.2), notifications are required only by Members with tariff and other quota commitments recorded in Section I-B (or Section I-A) of Part I of their Schedules for the products concerned.

(c) For Table MA:5 (Special Safeguard - Articles 5.7 and 18.2) notifications are required only by Members having reserved the right to use the Special Safeguard provisions as indicated in Section I-A of Part I of Schedules.

(d) For Table DS:1 (Domestic Support - Article 18.2), while all Members are required to notify, the least-developed country Members may notify every second year (indicated by the symbol (NA)), all others annually.

(e) For Table ES:1 (Export Subsidies - Article 18.2), a notification is required by all Members whether or not a base or annual commitment level is shown in Section II of part IV of their Schedule, i.e., a "nil" return is required.

(f) For Table ES:2 (Total exports in the context of Export Subsidies - Articles 10 and 18.2), a notification is required only by Members with export subsidy reduction commitments shown in Section II of Part IV of Schedules and "significant exporters" as set out in G/AG/2/Add.1.

(g) For Table ES:3 (Food Aid in the context of Export Subsidies - Articles 10 and 18.2) notification is required of all food aid donor Members unless this information is provided for under (e) above. No "nil return" is required from Members which do not provide food or other aid.

(h) For Table NF:1 (Food and other aid in the context of the Decision - Article 16.2), notification is required by all donor Members in respect of actions taken within the framework of the Decision on Measures concerning the Possible Negative Effects of the Reform Programme on the Least Developed and Net Food Importing Developing Countries. No "nil return" is required from Members which do not provide food aid, or other assistance to the countries concerned.

Agreement on Textiles and Clothing

(a) Notifications under Article 2.1 were required only by Canada, the EC, Norway and the United States.

(b) Notifications under Articles 2.6/2.7 were required only by Members which retained their right to use the transitional safeguard mechanism under Article 6.1 plus the four Members in (a) above.

(c) Notifications under Article 3.1 were required only by Members which maintained restrictions on textile and clothing products other than those under the MFA.

(d) Notifications under Article 6.1 indicating whether or not the Member wished to retain the right to use the transitional safeguard mechanism were required of all WTO Members except the four mentioned in (a) above.

Agreement on Trade-Related Investment Measures

(a) Article 5.1 requires the notification of investment measures Members were applying that were not in conformity with the Agreement on a "one-time" basis within 90 days of the date of entry into force of the Agreement.

(b) Article 6.2, also a "one-time" notification, is not yet operational, approval of an agreed standard format is pending.

Agreement on Implementation of Article VI of the GATT 1994 (Anti-dumping)

(a) Notifications of anti-dumping actions taken must be supplied semi-annually, pursuant to Article 16.4. The report for the January-June 1995 period was due on 31 August 1995 and for the July-December 1995 period was due on 26 February 1996.

(b) Full and integrated texts of laws and regulations were required on a "one-time" basis (Article 18.5).

Agreement on the Implementation of Article VII of the GATT 1994 (Customs Valuation)

(a) Members that have made notifications are shown with an "X". "NA" indicates that the requirement is not applicable to this WTO Member.

(b) As special and differential treatment, Article 20.1 permits some developing country Members to delay the application of this Agreement for up to five years. In addition, Article 20.2 permits some developing country Members to delay application of certain provisions for a further three years. Annex III in its paragraphs 2, 3 and 4 provides developing countries with the possibility of notifying certain reservations.

(c) The notification of laws and regulations under Article 22.1 (or a communication indicating that the legislation notified under the Tokyo Round Agreement on Customs Valuation remains valid under the WTO Agreement on Customs Valuation) and response to the checklist of issues are "one-time" requirements of all Members.

(d) The Decisions on the treatment of interest charges in the customs value of imported goods and on the valuation of carrier media bearing software for data processing equipment are "one-time" notification obligations for those Members choosing to apply these Decisions.

Agreement on Import Licensing

(a) Those Members which have notified are shown with an "X". "NA" indicates that the requirement is not applicable to this WTO Member.

(b) Certain developing country Members can defer the application of some provisions for not more than two years from the date of WTO Membership (Footnote 5 to Article 2.2).

(c) Replies to the questionnaire on import licensing procedures are required of all Members by 30 September each year (Article 7.3).

(d) All Members are required to notify the names of publications in which rules and information concerning import licensing procedures are published and to submit copies of such publications. All Members are required to notify the full text of their relevant laws and regulations (Articles 1.4(a)/8.2(b)).

Agreement on Rules of Origin

(a) There are two "one-time" notification obligations in this Agreement, on existing non-preferential rules of origin (Article 5.1) and on existing preferential rules of origin (Annex II, paragraph 4). "X" denotes that a notification has been received.

Agreement on Subsidies and Countervailing Measures

(a) The annual reports of subsidies are required not later than 30 June each year (Article 25.1) and where a Member considers that there are no measures requiring such notification, a "nil" return is necessary (Article 25.6). A new and full report on subsidies was due on 30 June 1995, and an updating report was due on 30 June 1996.

(b) Notifications of countervailing duty actions taken must be supplied semi-annually pursuant to Article 25.11. Those for the January-June period of 1995 were due on 31 August 1995 and for the July-December 1995 period were due on 26 February 1996.

(c) Two "one-time" notification requirements have not been included in the tables due to their limited applications: (i) subsidy programmes which are inconsistent with the Agreement (Article 28.1). These have been notified by Chile, Malaysia, Mauritius and South Africa; and (ii) subsidy programmes falling within the scope of Article 3 of the Agreement maintained by Members in the process of transformation into a market economy (Article 29.3). These have been notified by the Czech Republic, Hungary and Poland.

(d) All Members are required to notify their laws and regulations pursuant to Article 32.6.

Agreement on Safeguards

(a) Programmes to phase-out certain actions must be reported on a "one-time" basis by Members concerned (Article 11.2). Those Members that have notified such programmes are shown with an "X", all others with an "0".

(b) All Members must notify their laws, regulations and administrative procedures (Article 12.6).

(c) Members maintaining certain measures (Articles 10 and 11.1) must notify these on a "one-time" basis (Article 12.7). Members that have made such notifications are shown with an "X", all others with an "0".

GATT 1994 Article XVII:4(a) and the Understanding on the Interpretation of this Article

(a) Members are required to notify state trading enterprises - the 1995 notification obligation was to submit new and full responses to the questionnaire on state trading (BISD 9S/184-185) not later than 30 June 1995. Where a Member considers that there are no activities requiring such notification, a "nil" return is necessary. The 1996 notification obligation is to submit updating notifications covering any changes since the new and full notification, and was due on 30 June 1996.

Agreement on Technical Barriers to Trade

(a) All Members are required to notify on a "one-time" basis "measures in existence or taken to ensure the implementation and administration of this Agreement" (Article 15.2).

(b) The notifications by standardizing bodies in the Member countries that have accepted the Code of Good Practice are indicated with "X"; others with an "0".

Agreement on Preshipment Inspection

(a) Pursuant to Article 5, Members are required to notify the laws and regulations by which they put the Agreement into force, as well as other laws and regulations on this topic.

Decision on Notification Procedures for Quantitative Restrictions

(a) On 1 December 1995, the Council for Trade in Goods agreed that "Members shall make complete notification of the quantitative restrictions which they maintain by 31 January 1996 and at two-yearly intervals thereafter …" (G/L/59).

Notifications Made Under the Provisions of the Agreements in Annex 1A of the WTO Agreement

Notifications Made Under the Provisions of the Agreements in Annex 1A of the WTO Agreement (cont'd)

Notifications Made Under the Provisions of the Agreements in Annex 1A of the WTO Agreement (cont'd)

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Notifications Made Under the Provisions of the Agreements in Annex 1A of the WTO Agreement (cont'd)

SECTION II

REPORT OF THE TEXTILES MONITORING BODY

WORLD TRADE ORGANIZATION

G/L/113
4 October 1996

(96-4055)

REPORT OF THE TEXTILES MONITORING BODY

SUMMARY

This report was adopted and is being presented by the Textiles Monitoring Body (TMB) in the context of the preparation for the Singapore Ministerial Conference. It reflects the work carried out by the TMB on the basis of Members' notifications.

1. General

Chapter I (Introduction) provides a brief description of the Agreement on Textiles and Clothing (ATC) and the role of the TMB. It also gives information on the reports adopted by the TMB as well as the notifications submitted to it and their circulation to Members.

2. Implementation

Chapters II to IX contain detailed information on the implementation of the different provisions of the ATC. Chapter X provides information and an assessment on the functioning of the TMB.

3. Built-in-agenda

(i) According to paragraphs 8(a) and 11 of Article 2 of the ATC, programmes for the second stage of integration (1 January 1998 - 31 December 2001) will have to be notified to the TMB not later than by 31 December 1996.

(ii) Pursuant to paragraph 11 of Article 8, the Council for Trade in Goods shall conduct a major review on the implementation of the ATC during the first stage of integration before the end of 1997. To assist in this review, the TMB shall transmit to the Council for Trade in Goods a comprehensive report on the implementation of the ATC during this first stage by the end of July 1997.

4. Observations, assessments and recommendations

(i) Observations and assessments by the TMB with respect to the implementation of the different provisions of the ATC are reproduced in bold letters in the report (integration - paragraphs 11 to 16 and 21 to 27; quantitative restrictions under Article 2 - paragraphs 34, 35 and 41; safeguard actions under Article 6 - paragraphs 82 to 84; Article 7 - paragraphs 99 to 101; compliance with notification requirements - paragraphs 19 and 102; and functioning of the TMB - paragraphs 111 to 122).

(ii) Recommendations are to be found in paragraphs 103, 107 and 119 (printed in bold letters and underlined).

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I. INTRODUCTION

A. The Agreement on Textiles and Clothing (ATC) and the role of the Textiles Monitoring Body (TMB)

1. As specified in paragraphs 1 of Article 1 and Article 9,[1] the ATC sets out provisions to be applied by Members during a transition period of ten years for the integration of the textiles and clothing sector into GATT 1994. The ATC and all restrictions thereunder shall stand terminated on 1 January 2005, on which date the textiles and clothing sector shall be fully integrated into GATT 1994. There shall be no extension of the ATC.

2. The TMB was established in order to supervise the implementation of the ATC, to examine all measures taken under its provisions and their conformity therewith, and to take the actions specifically required of it by the ATC.

3. The composition of the TMB for the first stage of implementation of the ATC (1995 to 1997) was decided by the General Council on 31 January 1995 (WT/L/26) and subsequently modified by the General Council on 6 February 1996 (WT/L/26/Add.1). Ambassador András Szepesi was appointed Chairman of the TMB for the same period by the General Council on 31 January 1995 (WT/GC/M/1). The list of TMB members, alternates, observers, and successive changes, are contained in paragraphs 2 of G/TMB/R/1, 3, 5, 9, 10, 11, 15 and 18.

B. Reports by the TMB

4. The TMB adopted reports of its meetings, which were circulated to WTO Members for their information (G/TMB/R/1 to 18). As provided for in the ATC, at least five months before the end of each stage of the integration process, the TMB shall transmit to the Council for Trade in Goods a comprehensive report on the implementation of the ATC during the respective stage. The first such comprehensive report is due by the end of July 1997.

5. The General Council decided at its meeting on 15 November 1995 on procedures to be followed by the relevant WTO bodies for an annual overview of WTO activities and for reporting under the WTO (WT/L/105). Pursuant to this decision, the first annual report of the TMB was submitted in November 1995 and is contained in document G/L/40.

6. At the meeting of the General Council on 16 April 1996, the Chairman made a statement with regard to the reporting procedures for the Singapore Ministerial Conference (WT/L/145). The present report is being presented by the TMB bearing in mind all the elements contained in this statement. It covers the period 1 January 1995 to 1 October 1996, and provides an overview of the implementation of the different provisions of the ATC. It contains information on the work carried out by the TMB on the basis of Members' notifications and includes some additional observations made by the TMB when preparing and adopting this contribution to the preparation of the Singapore Ministerial Conference.

C. Notification by Members

7. The ATC contains an important number of notification requirements, some with a specific time-frame, and some ad-hoc (mainly related to specific actions taken by individual Members).

[1]Unless otherwise specified, all Articles mentioned refer to the Agreement on Textiles and Clothing.

8. According to the ATC, in carrying out its functions the TMB "shall rely on notifications and information supplied by the Members under the relevant Articles…" of the ATC.

9. In most cases notifications are to be submitted to the TMB, and are circulated by the TMB to all WTO Members for information and transparency. In line with the working procedures adopted by the TMB, notifications received pursuant to Articles 2.1, 2.2, 2.7(a) and (b), 2.8 (a) and (b), 2.10, 2.11, 2.15, 3.1, 3.3, 3.4, 6.1 and 7.2 of the ATC are circulated to WTO Members without delay. Notifications addressed to the TMB for review other than those listed above are, after such review, also transmitted to WTO Members (G/TMB/R/1 and 11).

II. INTEGRATION

10. Paragraph 6 of Article 2 states that "on the date of entry into force of the WTO Agreement, each Member shall integrate into GATT 1994 products which accounted for not less than 16 per cent of the total volume of the Member's 1990 imports of the products in the Annex, in terms of HS lines or categories". The Members which had made a notification under paragraph 1 of Article 2 (see Chapter III) are covered by paragraph 7(a) of Article 2, and the other Members by paragraph 7(b) of the same Article.

A. Articles 2.6 and 2.7(a)

11. Pursuant to paragraphs 6 and 7(a) of Article 2, notifications made to the GATT Secretariat by Canada, the European Communities, Norway and the United States no later than 1 October 1994, in accordance with a decision taken by Ministers at Marrakesh on 15 April 1994, were made available to the TMB for the purposes of paragraph 21 of Article 2 of the ATC. In reviewing these notifications the TMB noted that, in accordance with paragraph 6 of Article 2, the volume of products integrated by Canada, the European Communities, Norway and the United States amounted to at least 16 per cent of the total volume of the respective Members' 1990 imports of the products falling under the coverage of the ATC (Canada: 16.34 per cent; European Communities: 16.4 per cent; Norway: 16.26 per cent; United States: 16.21 per cent), including products from each of the four groups: tops and yarns, fabrics, made-up textile products, and clothing (see Annex I). **Notwithstanding the provisions of paragraphs 6 and 7 of Article 2, the TMB was aware that - with the exception of Canada affecting one product (work gloves) - the products thus integrated were not, prior to their integration into GATT 1994, subject to quantitative restrictions notified under paragraph 1 of Article 2.**

12. Paragraph 6 of Article 2 required Members to integrate products selected from each of the four groups mentioned in paragraph 11 above; **the integration programmes submitted by the Members concerned for the first stage of integration met this requirement. The TMB observed, however, that the share of tops, yarns and fabrics in the integration programmes notified under paragraphs 6 and 7(a) of Article 2 was significantly higher than that of made-up textile products and clothing** (see Annex I).

13. Paragraph 6 of Article 2 also required Members to integrate in the first stage products which accounted for not less than 16 per cent of the total volume of the Member's 1990 imports of the products in the Annex. **However, as the products integrated were concentrated in the relatively less value-added range of products, it would appear that the share of products integrated, expressed in value terms, was smaller than that expressed in volume.**

14. **The integration of a product into GATT 1994 pursuant to paragraph 6 of Article 2 has two consequences: first, the provisions of Article 6 of the ATC cannot be invoked with respect**

to imports of such product; second, any quantitative restriction on this product notified under Article 2 of the ATC is eliminated.

15. **In light of the observation made by the TMB reproduced in the last sentence of paragraph 11 above, it can be observed that the increases in access to the markets of Members having notified restrictions pursuant to paragraph 1 of Article 2 have been limited to date, with one exception, to the annual increases in the levels of restrictions required under paragraphs 13 and, if applicable, 18 of Article 2, and in one case to the recourse to the provision of paragraph 15 of the same Article. The TMB also observed that no notification had been made under paragraph 10 of the same Article, which provides the possibility of integrating products earlier that provided for in the integration programmes notified.**

16. **The TMB was aware of the concern expressed by several Members that, should the pattern of selection of the products to be integrated in the second and third stages pursuant to paragraphs 8(a) and (b) of Article 2 reproduce that of the first stage, the implementation of the integration of the textiles and clothing sector into GATT 1994 on 1 January 2005, as stated in paragraph 8(c) of Article 2, would prove difficult. The TMB was equally aware that, in the view of some other Members, the eventual integration of the textiles and clothing sector into GATT had to be seen also in the context of the liberalization built into the ATC in paragraphs 13, 14 and, if applicable, 18 of Article 2.**

B. Articles 6.1, 2.6 and 2.7(b)

17. According to paragraph 9 of Article 2, "Members which have notified, pursuant to paragraph 1 of Article 6, their intention not to retain the right to use the provisions of Article 6 shall, for the purposes of this Agreement, be deemed to have integrated their textiles and clothing products into GATT 1994. Such Members shall, therefore, be exempted from complying with the provisions of paragraphs 6 to 8 and 11" of the same Article. The review of the examination by the TMB of notifications received under paragraphs 6 and 7(b) of Article 2 has, therefore, to be made in the context of notifications made pursuant to paragraph 1 of Article 6.

Article 6.1

18. Paragraph 1 of Article 6 states that "Members not maintaining restrictions falling under Article 2 shall notify the TMB … as to whether or not they wish to retain the right to use the provisions of this Article". The TMB received such notifications from fifty-eight WTO Members. The TMB took note that the following fifty-one Members had notified that they wished to retain the right to use the provisions of Article 6: Argentina, Bangladesh, Bolivia, Brazil, Colombia, Costa Rica, Côte d'Ivoire, Cyprus, the Czech Republic, the Dominican Republic, Ecuador, Egypt, El Salvador, Guatemala, Honduras, Hungary, India, Indonesia, Israel, Jamaica, Japan, Kenya, Korea, Lesotho, Malaysia, Malta, Mauritius, Mexico, Morocco, Myanmar, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, the Philippines, Poland, Romania, Senegal, the Slovak Republic, Slovenia, South Africa, Sri Lanka, Switzerland, Thailand, Trinidad and Tobago, Tunisia, Turkey, Uruguay, Venezuela and Zambia. It also took note that the following seven WTO Members did not wish to retain the right to use the provisions of Article 6: Australia, Chile, Cuba, Hong Kong, Macau, New Zealand and Singapore.

19. **The TMB wishes to draw the attention of Members to the fact that the Members which did not maintain restrictions falling under Article 2 had, pursuant to paragraph 1 of Article 6, the obligation to notify within a specific time-frame whether or not they wished to retain the right to use the provisions of Article 6. The TMB noted with concern that a significant number of such Members did not submit a notification under this paragraph.**

Articles 2.6 and 2.7(b)

20. The TMB received forty-two notifications made, pursuant to paragraphs 6 and 7(b) of Article 2, by Argentina, Bangladesh, Bolivia, Brazil, Colombia, Costa Rica, Cyprus, the Czech Republic, the Dominican Republic, El Salvador, Guatemala, Honduras, Hungary, India, Indonesia, Israel, Japan, Korea, Malaysia, Malta, Mauritius, Mexico, Morocco, Myanmar, Nicaragua, Pakistan, Paraguay, Peru, the Philippines, Poland, Romania, Saint Kitts and Nevis, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand, Tunisia, Turkey, Uruguay, Venezuela and Zambia. It completed its review of thirty-nine of them. In this review the TMB noted that in all cases the products integrated amounted to at least 16 per cent of the respective Members' total imports of the products falling under the coverage of the ATC (in most cases in volume of 1990 imports, in some other cases in value and/or with a different base-year, see Annex I), and that in all cases products from each of the four groups (tops and yarns, fabrics, made-up textile products, and clothing) had been integrated. The review of the notifications made by Israel, Myanmar and Saint Kitts and Nevis are in progress, and will be concluded as soon as the additional information sought by the TMB from these Members is received.

21. As noted above, the TMB in some instances took note of integration programmes which, in certain respects, did not fully meet the technical criteria established under paragraph 6 of Article 2. This concerned cases where the data were not available in volume, or for the year 1990, or where the share of integration was calculated relative to data for the textiles and clothing sector as a whole since data for the exact product coverage of the ATC were not available. **Prior to taking note of such notifications, the TMB ensured that no better data could be obtained. Furthermore, its taking note of such notifications was without prejudice to the rights and obligations of Members under the ATC.**

22. As already mentioned in paragraph 12 above, paragraph 6 of Article 2 requires Members to integrate products selected from each of the four following groups: tops and yarns, fabrics, made-up textile products, and clothing. **The integration programmes submitted by Members pursuant to paragraphs 6 and 7(b) of Article 2 met this requirement. However, although there were wide variations in the programmes presented under these provisions, the TMB observed that in the large majority of cases the share of one or two groups (tops and yarns and/or fabrics) was significantly higher than those of the other groups** (see Annex I).

23. Paragraph 6 of Article 2 also required Members to integrate in the first stage products which accounted for not less than 16 per cent of the total volume of the Member's 1990 imports of the products in the Annex. **However, with respect to the cases where the products integrated were concentrated in the relatively less value-added range of products, it would appear that the share of products integrated, expressed in value terms, was smaller than that expressed in volume.**

24. **The TMB observed that no notification had been made under paragraph 10 of the same Article, which provides the possibility of integrating products earlier than that provided for in the integration programmes notified.**

25. The TMB also observed that seven Members had notified their choice not to retain the right to use the provisions of Article 6 (see paragraph 18) and that for those Members the products falling under the coverage of the ATC had been integrated into GATT 1994 as from 1 January 1995. **The TMB commended these Members for having opted for this approach.**

26. The TMB observed furthermore that among the fifty-one Members which had chosen to retain the right to use the provisions of Article 6, ten (Côte d'Ivoire, Ecuador, Egypt, Jamaica, Kenya, Lesotho, Nigeria, Senegal, South Africa, Trinidad and Tobago) had not submitted a notification under paragraphs 6 and 7(b) of Article 2. **The TMB wished to draw the attention of Members to the fact that the**

notification requirement contained in paragraph 1 of Article 6, and the resulting notification requirement contained in paragraph 7(b) of Article 2, were mandatory and had to be submitted to the TMB within prescribed deadlines.

27. **The TMB noted that in some cases products integrated under paragraphs 6 and 7(b) of Article 2 had already been subject to quantitative restrictions, notified under Article 3 and justified under a GATT 1994 provision, and that such restrictions were not affected by the integration of the products concerned.** Among the forty-two Members which submitted a notification pursuant to paragraphs 6 and 7(b) of Article 2, twelve made notifications under paragraph 1 of Article 3 invoking justification under a GATT 1994 provision for the restrictions notified (see paragraph 43 below).

III. ARTICLE 2 - QUANTITATIVE RESTRICTIONS MAINTAINED OR NOTIFIED UNDER THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (MFA), IN FORCE ON 31 DECEMBER 1994

A. Article 2.1 - Restrictions in force on 31 December 1994

28. Paragraph 1 of Article 2 of the ATC states that "all quantitative restrictions within bilateral agreements maintained under Article 4 or notified under Article 7 or 8 of the MFA in force on the day before the entry into force of the WTO Agreement shall, within 60 days following such entry into force, be notified in detail, including the restraint levels, growth rates and flexibility provisions, by the Members maintaining such restrictions to the TMB". Notifications were received pursuant to this paragraph from Canada, the European Communities, Norway and the United States. The TMB completed their review, keeping also in mind observations made by some other Members (see Section B below), and took note of corrections or additions to these notifications made by Canada and the United States (G/TMB/R/6, 7, 10, 11, 12, 13 and 15). According to paragraph 4 of Article 2, "the restrictions notified under paragraph 1 [of Article 2] shall be deemed to constitute the totality of such restrictions applied by the respective Members on the day before the entry into force of the WTO Agreement. No new restrictions in terms of products or Members shall be introduced except under the provisions of this Agreement or relevant GATT 1994 provisions".

B. Article 2.2 - Observations with regard to Article 2.1 notifications

29. According to paragraph 2 of Article 2, "it is open to any Member to bring to the attention of the TMB, within 60 days of the circulation of the notifications, any observations it deems appropriate with regard to such notifications". Such notifications were received from Colombia (observations on the notification made by the United States), Hong Kong (observations on the notification made by the United States), Korea (observations on the notifications made by Canada, the European Communities and the United States) and Macau (observations on the notification made by the United States).

30. In reviewing the notifications made by Colombia, Hong Kong and Korea, the TMB noted that the observations made in these notifications had been taken into account in the corrigenda or addenda to the notifications made under paragraph 1 of Article 2 by the WTO Members concerned (G/TMB/R/6).

31. The TMB took note that the correction made by the United States had been confirmed in a subsequent notification received from Hong Kong under paragraph 2 of Article 2 (G/TMB/R/10). This notification contained additional elements, and the TMB reverted to their consideration at a subsequent meeting. In reviewing these additional elements, the TMB took note of Hong Kong's demand that the full product descriptions, the conversion factors applicable, the coverage and structure of the groups and sub-groups notified with respect to Hong Kong as well as the category number for

made to-measure suits, be notified to the TMB. The TMB understood that these elements would be notified by the United States under paragraph 17 of Article 2 (G/TMB/R/12).

32. The TMB considered the notification by Macau pursuant to paragraph 2 of Article 2. In this notification, Macau stated that the United States' notification received under the provisions of paragraph 1 of Article 2 of the ATC contained restrictions which, according to Macau, were not in force on the day before the entry into force of the ATC under the bilateral agreement with Macau maintained under Article 4 of the MFA. Accordingly, Macau invited the TMB to recommend that these restrictions were not in conformity with paragraph 1 of Article 2 of the ATC. Given the complexity of the matter, the TMB invited both parties to provide in writing any additional submission or explanation they might find useful, which both parties did.

33. The TMB considered all the elements put forward by both parties in their submissions, including the reference made by Macau to the review by the Textiles Surveillance Body in 1994 of the bilateral agreement concluded under the MFA between Macau and the United States. The TMB noted that its review was conducted under paragraph 2 of Article 2. It found that a recommendation, as requested by Macau, that in the absence of either an agreement over the conversion of certain designated consultation levels (DCLs) (on US categories 219, 225, 317, 326, 611 and 625–9) into specific limits (SLs), or actual trade in these fabric categories, the notification by the United States of those specific limits should be considered null and void, was not warranted. In arriving at its conclusions, the TMB took note that the conversion of DCLs into SLs took place in 1994 under the MFA. The TMB noted with concern, however, that SLs were introduced by the United States in the almost complete absence of trade in these categories. It was the expectation of the TMB that, in monitoring developments in this area, the United States would bear in mind this observation. The TMB also wished to draw the attention of Members to the fact that, with the entry into force of the ATC, specific provisions had been in operation for the establishment of new restrictions (G/TMB/R/13).

34. As indicated in paragraphs 30 to 33 above, the TMB has completed the review of all the observations brought to its attention under paragraph 2 of Article 2 by Members, and the deadline for submitting such observations has lapsed. **It can, therefore, be assumed that the totality of restrictions applied pursuant to paragraph 1 of Article 2 has been notified, and that none of the elements contained in these notifications is either contested by other Members or requires further consideration by the TMB.**

C. Article 2.15 - Elimination of restrictions maintained under Article 2

35. Paragraph 15 of Article 2 states that "nothing in this Agreement shall prevent a Member from eliminating any restriction maintained pursuant to this Article, effective at the beginning of any agreement year during the transition period, provided the exporting Member concerned and the TMB are notified at least three months prior to the elimination coming into effect". The TMB reviewed a notification made by Norway in September 1995, under this paragraph, of the elimination of certain restrictions with respect to some WTO Members, with effect as of 1 January 1996. The Members affected had also been informed in advance. **The TMB commended Norway for the early elimination of some of its restrictions maintained under the ATC** (G/TMB/R/6).

D. Article 2.17 - Administration of restrictions

36. Paragraph 17 of Article 2 states that "administrative arrangements, as deemed necessary in relation to the implementation of any provision of this Article, shall be a matter for agreement between the Members concerned. Any such arrangements shall be notified to the TMB". To date, notifications under this Article have been made by Canada, the European Communities, Mauritius and the United States.

37. The TMB considered under paragraph 17 of Article 2 a notification by Mauritius of a visa arrangement it had concluded with the United States, and took note of this notification (G/TMB/R/9). It also considered the detailed notifications by Canada of administrative arrangements concluded with Bangladesh, Brazil, Costa Rica, Cuba, Hong Kong, Hungary, India, Indonesia, Korea, Lesotho, Macau, Malaysia, Mauritius, Pakistan, the Philippines, Poland, Romania, Singapore, the Slovak Republic, Sri Lanka, Swaziland, Thailand, Turkey and Uruguay. The arrangements had been bilaterally agreed and contained provisions which implemented, in accordance with the provisions of paragraph 1 of Article 4 of the ATC, administrative aspects of the respective export control systems (export licences, monitoring of exports, quota flexibility provisions, exchange of statistics, re-exports by Canada, consultations). The TMB took note of these notifications (G/TMB/R/13 and 17).

38. A number of notifications are pending review.

E. Article 2.18 - Advanced implementation of growth rates for certain Members

39. Paragraph 18 of Article 2 specifies that "as regards those Members whose exports are subject to restrictions on the day before the entry into force of the WTO Agreement and whose restrictions represent 1.2 per cent or less of the total volume of the restrictions applied by an importing Member as of 31 December 1991 and notified under this Article, meaningful improvement in access for their exports shall be provided, at the entry into force of the WTO Agreement and for the duration of this Agreement, through advancement by one stage of the growth rates set out in paragraphs 13 and 14, or through at least equivalent changes as may be mutually agreed with respect to a different mix of base levels, growth and flexibility provisions". Notifications under this provision have been received from Canada, the European Communities and the United States.

40. According to these notifications, the Members concerned for each importing Members, and the implementation of this provision, were as follows:

- for Canada:[2] Costa Rica, Cuba, the Czech Republic, the Dominican Republic, Hungary, Jamaica, Lesotho, Macau, Mauritius, Myanmar, Poland, the Slovak Republic, South Africa, Sri Lanka, Swaziland and Uruguay. The growth rates set out in paragraph 13 of Article 2 were increased by 25 per cent, instead of 16 per cent;

- for the European Communities: Peru and Sri Lanka. The growth rates set out in paragraph 13 of Article 2 were increased firstly by 16 per cent and secondly by 25 per cent, instead of 16 per cent;

- for the United States: Bahrain, Colombia, Costa Rica, the Czech Republic, the Dominican Republic, Egypt, El Salvador, Fiji, Guatemala, Haiti, Hungary, Jamaica, Kenya, Kuwait, Macau, Mauritius, Poland, Qatar, Romania, the Slovak Republic, the United Arab Emirates and Uruguay. The growth rates set out in paragraph 13 of Article 2 were increased by 25 per cent, instead of 16 per cent.

The TMB took note of these notifications.

41. **The TMB observed that the implementation of this provision of the ATC had been made by the Members concerned using different methodologies. It should be noted in this respect that paragraph 18 of Article 2 does not provide precise guidance as to how to implement the**

[2]In determining eligibility for treatment, Canada also included those Members that accounted for less than 1.2 per cent of the restraints in effect on 31 December 1994.

advancement by one stage of the growth rates set out in paragraphs 13 and 14, or through at least equivalent changes as may be mutually agreed with respect to a different mix of base levels, growth and flexibility provisions. However, it is to be noted that the result in terms of market access in the first stage is improved if the methodology chosen for the advancement by one stage of the growth rates includes the growth factor of the first stage, the manner in which it had been done by one of the Members concerned.

IV. RESTRICTIONS OTHER THAN THOSE MAINTAINED OR NOTIFIED UNDER THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (MFA)

A. Review of notifications made under Article 3.1

42. Paragraph 1 of Article 3 states that "within 60 days following the date of entry into force of the WTO Agreement, Members maintaining restrictions[3] on textile and clothing products (other than restrictions maintained under the MFA and covered by the provisions of Article 2), whether consistent with GATT 1994 or not, shall (a) notify them in detail to the TMB, or (b) provide to the TMB notifications with respect to them which have been submitted to any other WTO body". The TMB has received such notifications from twenty-nine WTO Members; to date, the review of twenty-six of these notifications has been completed by the TMB (G/TMB/R/5, 7, 8, 9, 12, 13 and 15), and additional information is being sought from Mexico, Morocco and Thailand before completing the review. During its consideration of notifications made under paragraph 1 of Article 3, the TMB noted that it had received no reverse notification under paragraph 4 of that Article.

43. Out of these twenty-nine notifications, although not required by the ATC, ten Members notified that they did not apply any restriction within the meaning of paragraph 1 of Article 3 (Chile, Indonesia, Kenya, Macau, Mauritius, New Zealand, the Philippines, Saint Kitts and Nevis, Singapore and Sri Lanka). In twelve instances (Bangladesh, Cyprus, Egypt, the European Communities, India, Korea, Malaysia, Malta, Pakistan, Peru, the United States and Venezuela), Members notified restrictions on imports and invoked either Articles XVIII:B, XVIII:C, XX(b), XX(f), or XXIV, as a GATT 1994 justification for such restrictions. The TMB took note of such notifications.

44. In four cases (Cyprus, Hungary, Japan and Slovenia) Members had notified quantitative restrictions which were subject to a phase-out programme, in accordance with paragraph 2(b) of Article 3. The TMB took note of such notifications, and of the fact that phase-out programmes had been or would be notified to the TMB (see Section B below).

45. In addition, Canada and the United States had notified under both paragraph 1 of Article 2 and paragraph 1 of Article 3 measures applied, *inter alia*, to countries which were not yet WTO Members at the time the notification had been made. Since these countries had subsequently become Members, these measures were reviewed by the TMB in the context of paragraph 1 of Article 2.

B. Programmes notified under Article 3.2(b)

46. Paragraph 2 of Article 3 states that "Members maintaining restrictions falling under paragraph 1, except those justified under a GATT 1994 provision, shall either … (a) bring them into conformity with GATT 1994 within one year following the entry into force of the WTO Agreement, … or … (b) phase them out progressively according to a programme to be presented to the TMB by the Member

[3]Restrictions denote all unilateral quantitative restrictions, bilateral arrangements and other measures having a similar effect.

maintaining the restrictions not later than six months after the date of entry into force of the WTO Agreement".

47. Four Members notified a phase out-programme pursuant to paragraph 2(b) of Article 3: Cyprus, Hungary, Japan and Slovenia (G/TMB/N/146, 147, 175, and 186, respectively). The TMB took note of such programmes. In so doing, the TMB observed, in the case of Hungary, that in view of the general nature of this programme, it expected that the details of its implementation in the respective stages would be notified to the TMB prior to their implementation, for it's consideration (G/TMB/R/9). In the case of Japan, the TMB expressed the expectation that the implementation of the programme, in conformity with paragraph 2(b) of Article 3, would be such as to provide appropriate progressive increases to the level of restrictions on imports of silk yarn and silk fabric from Korea (G/TMB/R/11). Although Cyprus notified a phase-out programme pursuant to paragraph 2(b) of Article 3, it should be noted that the revised programme submitted by Cyprus in reply to the additional information and clarification sought by the TMB seems to fall more under the provisions of paragraph 2(a) of the same Article.

C. Changes in existing restrictions notified under Article 3.3

48. Paragraph 3 of Article 3 provides that "during the duration of this Agreement, Members shall provide to the TMB, for its information, notifications submitted to any other WTO bodies with respect to any new restrictions or changes in existing restrictions on textile and clothing products, taken under any GATT 1994 provision, within 60 days of their coming into effect".

49. The TMB received and reviewed three notifications made pursuant to this paragraph by the European Communities. Two notifications contained agreed changes increasing the quantitative limits, or consultation levels, maintained vis-à vis the Czech Republic, Egypt, Hungary, Malta, Morocco, Poland, Romania, the Slovak Republic, and Tunisia. According to these notifications, these quantitative limits or consultation levels had been applied in the context of preferential trade agreements with each of these countries and were being notified under Article XXIV of the GATT. The TMB took note of the information contained in these notifications. A third notification stated that as a result of the completion of the customs union between the European Communities and Turkey, the consultation levels notified by the European Communities to the TMB under paragraph 1 of Article 3 vis-à-vis Turkey were eliminated as of 1 January 1996. The TMB took note of this information (G/TMB/R/12).

V. SAFEGUARD ACTIONS UNDER ARTICLE 6

50. Article 6 of the ATC provides for the possibility of applying transitional safeguard measures on imports of products covered by the ATC and not yet integrated into GATT 1994 that cause serious damage, or actual threat thereof, to the domestic industry producing like and/or directly competitive products. According to paragraph 7 of Article 6, "the Member proposing to take safeguard action shall seek consultations with the Member or Members which would be affected by such action". Such consultations may result in a restraint measure being applied unilaterally by the importing Member under paragraph 10 of Article 6, or in a restraint measure being agreed between the parties and notified under paragraph 9 of Article 6. In both cases the TMB will have to review the measure. Or, as a result of such consultations, the importing Member may decide not to introduce the safeguard measure envisaged. In addition, paragraph 11 of Article 6 provides that "in highly unusual and critical circumstances, where delay would cause damage which would be difficult to repair, action under paragraph 10 may be taken provisionally on the condition that the request for consultations and notification to the TMB shall be effected within no more than five working days after taking the action".

51. The United States made twenty-five requests for consultation pursuant to paragraph 7 of Article 6: twenty-four in 1995 and one in 1996 (see Annex II). Eleven resulted in restraint measures being agreed either during the consultation period, or prior to, or during the review of the measure by the TMB. In one case the United States decided not to apply a safeguard measure. Five unilaterally applied measures were dropped by the United States before their review by the TMB, and an additional one during the review. The TMB, therefore, completed the review of seven safeguard measures applied under paragraph 10 of Article 6 by the United States. Section A refers to all cases where the TMB started its review of the safeguard measures applied unilaterally, although in some instances the review was not completed since, in the meantime, the measure was rescinded (with Thailand for US category 352/652) or a measure was agreed (with Turkey for US category 352/652, and with Honduras for US category 435). Brazil requested consultations on imports of seven product categories under paragraph 7 of Article 6 in June 1996 (two on imports from Hong Kong, five on imports from Korea), at the same time introducing provisional safeguard measures pursuant to paragraph 11 of Article 6 (see Section C below and Annex II).

A. Review of unilateral restraint measures applied under Article 6.10, and follow-up of TMB recommendations

United States/Costa Rica, Honduras, Thailand and Turkey: imports of cotton and man-made fibre underwear (US category 352/652)

52. The TMB reviewed safeguard measures applied by the United States pursuant to paragraph 10 of Article 6 on imports of cotton and man-made fibre underwear (US category 352/652) from Costa Rica, Honduras, Thailand and Turkey. Thailand had also made a notification of the same action under paragraphs 5 and 6 of Article 8. During this review, the TMB was informed that the United States and Turkey had arrived at a mutually agreed solution of the issue under paragraph 9 of Article 6. In addition, while starting the examination of the request submitted by Thailand in its notification, the TMB was informed that the United States had decided to rescind this safeguard measure against Thailand (G/TMB/R/2 and paragraphs 88 and 89 below).

53. During its review under paragraphs 2 and 3 of Article 6 of the safeguard action taken by the United States against imports of category 352/652 from Costa Rica and Honduras, the TMB found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB could not, however, reach consensus on the existence of actual threat of serious damage. The TMB recommended that further consultations be held between the United States and the parties concerned, with a view to arriving at a mutual understanding, bearing in mind the above, and with due consideration to the particular features of this case, as well as equity considerations. The TMB also recommended that these consultations should be held consistent with the ATC, in particular with Articles 6 and 4, and be concluded within 30 days, and that the parties should report to the TMB on the outcome of such consultations no later than at the end of that period. The TMB equally noted that, with respect to the introduction of a safeguard measure, the ATC does not provide any indication with respect to the effective date of implementation of that measure.

54. In reaching its recommendation, the TMB examined all the information provided by the parties, including the role played by outward processing trade. On that basis, and keeping also in mind the particular nature of this trade flow, the TMB was of the view that a number of important indicators, *inter alia*, the drop in US domestic production of cotton and man-made fibre underwear, the parallel increase in imports of these products, and the status of this industry, were not such as to warrant a claim of serious damage being caused to the US industry by imports. However, the TMB could not agree, on the basis of all the information provided, whether or not there existed a threat of serious damage caused to the US industry by imports of products of category 352/652 (G/TMB/R/2).

55. Following the TMB's recommendation, the TMB was informed by the United States and Honduras that they had held consultations without reaching a common position, but, subsequently was informed under paragraph 9 of Article 6 that the two parties had arrived at a mutually agreeable resolution of this issue (see G/TMB/R/3 and paragraphs 68 and 69 below).

56. Following the same TMB recommendation, the TMB received reports by both the United States and Costa Rica explaining that it had not been possible to reach a mutually agreeable resolution of the issue. In view of Costa Rica's request to participate in the TMB's examination of these reports, the Body decided to invite the participation of both delegations. The TMB took note of the reports and of the fact that the two parties did not reach a mutual understanding during the consultations. The TMB's discussions confirmed the Body's previous findings in this matter (see paragraph 54 above). There being no further requests by the parties involved, the TMB considered its review of the matter completed (G/TMB/R/3 and 5).[4]

United States/Honduras: imports of cotton and man-made fibre pyjamas and other nightwear (US category 351/651)

57. The TMB reviewed under paragraphs 2 and 3 of Article 6 the safeguard measure introduced by the United States pursuant to paragraph 10 of Article 6 on imports of cotton and man-made fibre pyjamas and other nightwear (US category 351/651) from Honduras. The TMB, having examined all the information provided by the parties, found that serious damage, or actual threat thereof, had not been demonstrated and recommended that the United States rescind the measure (G/TMB/R/2). Subsequently, the TMB was informed that the United States had decided to rescind the measure. The TMB took note of this decision (G/TMB/R/3).

United States/India: imports of men's and boys' wool coats other than suit-type (US category 434)

58. The TMB considered a safeguard measure taken by the United States on imports of men's and boys' wool coats other than suit-type (US category 434) from India. The TMB, having examined all of the information provided by both parties in the light of the conditions established under paragraphs 2 and 3 of Article 6, found that serious damage, or actual threat thereof, had not been demonstrated, and recommended that the United States rescind the measure. Subsequently, the TMB was informed and took note that the United States had decided to rescind this safeguard measure (G/TMB/R/3 and 5).

United States/India: imports of women's and girls' wool coats (US category 435)

59. The TMB considered, under paragraphs 2 and 3 of Article 6, the safeguard measure taken by the United States on imports of women's and girls' wool coats (US category 435) from India. The TMB found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB could not, however, reach consensus on the existence of actual threat of serious damage. The TMB added that, when reviewing the implications of the discussions in the TMB and the Body's finding in this matter, the parties should keep in mind the fact that the ATC is silent as to whether the import restraint can continue to be maintained (see G/TMB/R/3). India referred this matter to the TMB under paragraph 6 of Article 8 (see paragraph 90 below).[5]

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[4]Costa Rica subsequently requested the establishment of a panel (WT/DS24/1). The panel was established by the Dispute Settlement Body on 5 March 1996.

[5]India subsequently requested the establishment of a panel (WT/DS32/1). The United States later withdrew the restraint, and India requested the termination of further action in pursuance of the decision taken by the Dispute Settlement Body to establish a panel to examine that matter (WT/DS32/2).

60. At a later stage, the TMB received a notification from the United States of the withdrawal of this unilateral restraint. The TMB took note of this notification (G/TMB/R/13).

United States/India: imports of woven wool shirts and blouses (US category 440)

61. The TMB considered, under paragraphs 2 and 3 of Article 6, the safeguard measure taken by the United States on imports of woven wool shirts and blouses (US category 440) from India. The TMB found that the actual threat of serious damage had been demonstrated, and that, pursuant to paragraph 4 of Article 6, this actual threat could be attributed to the sharp and substantial increase in imports from India (G/TMB/R/3). India referred this matter to the TMB under paragraph 10 of Article 8 (see paragraph 92 below).[6]

United States/Honduras: imports of women's and girls' wool coats (US category 435)

62. The TMB started its review of a safeguard measures introduced by the United States pursuant to paragraph 10 of Article 6 on imports of women's and girls' wool coats (US category 435) from Honduras. After the presentation of their arguments, the parties informed the TMB that they had decided to resume bilateral consultations, and asked for suspension of the consideration of this issue by the TMB. The Body was informed subsequently that the United States and Honduras had arrived at a mutually agreeable resolution of the issue under paragraph 9 of Article 6 (G/TMB/R/3 and paragraphs 73 and 74 below).

United States/Hong Kong: imports of woven wool shirts and blouses (US category 440)

63. The TMB reviewed a safeguard measure introduced by the United States on imports of woven wool shirts and blouses (US category 440) from Hong Kong. The TMB, having considered the arguments put forward by the parties, noted that Hong Kong's exports of products of category 440 into the United States were already under restraint under a group limit notified by the United States in accordance with paragraph 1 of Article 2 of the ATC. It found that, according to paragraph 4 of Article 6, the application of a safeguard measure under this Article to Hong Kong's exports of products of category 440 into the United States was, therefore, not justified, and recommended that the United States rescind the measure. Subsequently, the TMB was informed and took note that the United States had decided to rescind this safeguard measure (G/TMB/R/4 and 6).

B. Agreed restraint measures notified under Article 6.9

64. Under the provisions of paragraph 8 of Article 6 of the ATC, two Members may, after consultation held pursuant to paragraph 7 of Article 6, reach mutual understanding that the situation calls for restraint on the exports of a particular product. In such cases, paragraph 9 of Article 6 states that "details of the agreed restraint measure shall be communicated to the TMB within 60 days from the date of conclusion of the agreement. The TMB shall determine whether the agreement is justified in accordance with the provisions of this Article. … The TMB may make such recommendations as it deems appropriate to the Members concerned".

65. The TMB has received the notification under paragraph 9 of Article 6 of twelve restraint measures agreed on imports of various products into the United States from Colombia, the Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Turkey and Sri Lanka. In three instances (involving imports from El Salvador, Jamaica and Sri-Lanka), the notification of an agreed measure was superseded

[6]India subsequently requested the establishment of a panel (WT/DS33/1). The panel was established by the Dispute Settlement Body on 17 April 1996.

as the United States decided to rescind the agreed measure. The TMB took note of such a decision by the United States. These three notifications were, therefore, not reviewed by the TMB. Eight notifications made pursuant to paragraph 9 of Article 6 have been reviewed by the TMB. One notification, received recently, remains to be reviewed.

66. The eight notifications reviewed by the TMB relate to measures agreed on imports into the United States of four products: cotton and man-made fibre underwear (US category 352/652) from Colombia, the Dominican Republic, El Salvador, Honduras and Turkey; women's and girls' wool coats (US category 435) from Honduras; women's and girl's wool suits (US category 444) from Colombia; and cotton and man–made fibre skirts (US category 342/642) from Guatemala. In reviewing these agreed restraints, the TMB made the following observations:

United States/Dominican Republic: imports of cotton and man-made fibre underwear (US category 352/652)

67. In reviewing the restraint measure agreed between the United States and the Dominican Republic on imports of cotton and man-made fibre underwear (US category 352/652), the TMB observed that no growth rate was provided for with respect to the guaranteed access level (GAL).[7] However, according to indications given by the United States Government, the GAL can be increased on request. Therefore, it was the TMB's understanding that, at the request of the Dominican Republic, the GAL would be increased by no less than 6 per cent annually. The TMB recalled that at a previous meeting, when reviewing the action taken by the United States against imports of category 352/652 from Costa Rica and Honduras under paragraphs 2 and 3 of Article 6, an action taken at the same time as that on imports of the same product from the Dominican Republic, it had found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB had not, however, reached consensus on the existence of actual threat of serious damage. The TMB noted that, whilst the total level of the agreed restraint was substantially above the rollback level, that portion of the restraint which was available unconditionally to the Dominican Republic (i.e. the specific limit) was lower than that rollback level (G/TMB/R/7).

United States/Honduras: imports of cotton and man-made fibre underwear (US category 352/652)

68. In reviewing the restraint measure agreed between the United States and Honduras on imports of cotton and man-made fibre underwear (US category 352/652), the TMB observed that no growth rate was provided for with respect to the GAL. However, according to indications given by the United States Government, the GAL can be increased on request. Therefore, it was the TMB's understanding that, at the request of Honduras, the GAL would be increased by no less than 6 per cent annually. The TMB recalled that at a previous meeting, when reviewing the action taken by the United States against imports of category 352/652 from Costa Rica and Honduras under paragraphs 2 and 3 of Article 6 it had found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB had not, however, reached consensus on the existence of actual threat of serious damage. The TMB noted that the total level of the agreed restraint, as well as that portion of the restraint which was available unconditionally to Honduras (i.e. the specific limit) were both substantially above the rollback level (G/TMB/R/8).

69. The TMB also received a communication from Honduras relating to the implementation by the United States of this agreed restraint measure. In this communication, Honduras expressed concern

[7]Guaranteed Access Levels (GALs) are quantities of products of a category that a country can export to the United States without being subject to quantitative limitation, provided the actual product shipped qualifies for such treatment, *inter alia*, by being made of "US components"

that the agreement was not implemented consistently with its terms by the United States, notably with respect to the level of access to the US market as of 1 January 1996, and that this was, therefore, threatening to seriously disrupt trade from Honduras. Honduras requested that the TMB review the implementation of the limits bilaterally agreed. The TMB was informed that it was the United States Government's intention to implement the agreement in full and to be in contact with Honduras with a view to resolving this question. The TMB took note of this, informed Honduras of the United States' intention, and decided that, should problems remain, it would revert to this question at its next meeting. Both parties were informed of this decision (G/TMB/R/8). The TMB was informed subsequently by both parties that the problems had been solved.

United States/El Salvador: imports of cotton and man-made fibre underwear(US category 352/652)

70. In reviewing the restraint measure agreed between the United States and El Salvador on imports of cotton and man-made fibre underwear (US category 352/652), the TMB observed that no growth rate was provided for with respect to the GAL. However, according to indications given by the United States Government, the GAL can be increased on request. Therefore, it was the TMB's understanding that, at the request of El Salvador, the GAL would be increased by no less than 6 per cent annually. The TMB recalled that at a previous meeting, when reviewing the action taken by the United States against imports of category 352/652 from Costa Rica and Honduras under paragraphs 2 and 3 of Article 6, an action taken at the same time as that on imports of the same product from El Salvador, it had found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB had not, however, reached consensus on the existence of actual threat of serious damage. The TMB noted that the total level of the agreed restraint, as well as that portion of the restraint which was available unconditionally to El Salvador (i.e. the specific limit) were both substantially above the rollback level (G/TMB/R/8).

United States/Turkey: imports of cotton and man-made fibre underwear (US category 352/652)

71. In reviewing the restraint measure agreed between the United States and Turkey on imports of cotton and man-made fibre underwear (US category 352/652), the TMB recalled that at a previous meeting, when reviewing the action taken by the United States against imports of category 352/652 from Costa Rica and Honduras under paragraphs 2 and 3 of Article 6, an action taken at the same time as that on imports of the same product from Turkey, it had found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB had not, however, reached consensus on the existence of actual threat of serious damage. The TMB noted that the specific limit agreed was substantially above the rollback level (G/TMB/R/8).

United States/Colombia: imports of cotton and man-made fibre underwear (US category 352/652)

72. In reviewing the restraint measure agreed between the United States and Colombia on imports of cotton and man-made fibre underwear (US category 352/652), the TMB recalled that at a previous meeting, when reviewing the action taken by the United States against imports of category 352/652 from Costa Rica and Honduras under paragraphs 2 and 3 of Article 6, an action taken at the same time as that on imports of the same product from Colombia, it had found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB had not, however, reached consensus on the existence of actual threat of serious damage. The TMB noted that the total level of the agreed restraint, as well as that portion of the restraint which was available unconditionally to Colombia (i.e. the specific limit) were both substantially above the rollback level (G/TMB/R/8).

United States/Honduras: imports of women's and girls' wool coats (US category 435)

73. In reviewing the restraint measure agreed between the United States and Honduras on imports of women's and girls' wool coats (US category 435, see also paragraph 62 above), the TMB observed that no growth rate was provided for with respect to the GAL. However, according to indications given by the United States Government, the GAL can be increased on request. Therefore, it was the TMB's understanding that, at the request of Honduras, the GAL would be increased by no less than 2 per cent annually. The TMB recalled that at a previous meeting, when reviewing the action taken by the United States against imports of category 435 from India under paragraphs 2 and 3 of Article 6, an action taken at the same time as that on imports of the same product from Honduras, it had found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB had not, however, reached consensus on the existence of actual threat of serious damage. The TMB noted that the total level of the agreed restraint, as well as that portion of the restraint which was available unconditionally to Honduras (i.e. the specific limit) were both above the rollback level. The TMB also noted that the agreed growth rate of 2 per cent was justified in accordance with paragraph 13 of Article 6 (G/TMB/R/8).

74. The TMB also received a communication from Honduras relating to the implementation by the United States of this agreed restraint measure. In this communication, Honduras expressed concern that the agreement was not implemented consistently with its terms by the United States, notably with respect to the level of access to the US market as of 1 January 1996, and that this was, therefore, threatening to seriously disrupt trade from Honduras. Honduras requested that the TMB review the implementation of the limits bilaterally agreed. The TMB was informed that it was the United States Government's intention to implement the agreement in full and to be in contact with Honduras with a view to resolving this question. The TMB took note of this, informed Honduras of the United States' intention, and decided that, should problems remain, it would revert to this question at its next meeting. Both parties were informed of this decision (G/TMB/R/8). The TMB was informed subsequently by both parties that the problems had been solved.

United States/Colombia: imports of women's and girl's wool suits (US category 444)

75. The TMB reviewed the restraint measure agreed between the United States and Colombia on imports of women's and girl's wool suits (US category 444) from Colombia. The TMB examined the information made available by the United States to Colombia during the bilateral consultations, as well as other relevant information provided by the United States at the TMB's request. While it observed that some data, notably the pace of increased imports from Colombia, might lead to different findings, the TMB concluded that this agreement in overall terms was justifiable in accordance with the provisions of Article 6 of the ATC. As such, the agreement was considered justified. The TMB noted, however, that, whilst the total level of the agreed restraint was substantially above the rollback level, that portion of the restraint available unconditionally to Colombia (i.e. the specific limit) was lower than the rollback level (G/TMB/R/11).

United States/Guatemala: imports of cotton and man-made fibre skirts (US category 342/642)

76. The TMB reviewed the restraint measure agreed between the United States and Guatemala on imports of cotton and man-made fibre skirts (US category 342/642) from Guatemala. The TMB examined the information made available by the United States to Guatemala during the bilateral consultations, in particular, and also other relevant information provided by the United States at the TMB's request. While it observed that some data might point to diverging directions, the TMB concluded that this agreement in overall terms was justified in accordance with the provisions of Article 6 of the ATC. The TMB noted that the total level of the agreed restraint, as well as that portion of the restraint that was available unconditionally to Guatemala (i.e. the specific limit), were substantially

above the rollback level. It observed that no growth rate was provided for with respect to the GAL. However, according to indications given by the United States Government, the GAL can be increased on request. Therefore, it was the TMB's understanding that, at the request of Guatemala, the GAL would be increased by no less than 6 per cent annually (G/TMB/R/13).

C. Unilateral measures taken under Article 6.11

77. In June 1996, Brazil requested consultation with Hong Kong and Korea pursuant to paragraphs 7 and 11 of Article 6, introducing at the same time seven provisional safeguard measures (two on imports from Hong Kong, five on imports from Korea). The parties communicated to the TMB that they had failed to agree on restraint measures within the deadline envisaged in paragraph 11 of Article 6.

78. On 11 September 1996, the TMB began its examination of safeguard measures introduced by Brazil, pursuant to paragraph 11 of Article 6, on imports of products of Brazilian categories 618 (woven artificial filament fabric) and 838 (men's and boys' knit shirts of material other than cotton and man-made fibre) from Hong Kong. The two measures had been introduced with effect as from 1 June 1996. The TMB invited the participation of Brazil and Hong Kong, which sent delegations to present their respective cases. Both parties made presentations and provided replies to questions with respect to both measures. On this basis, the TMB started its in-depth discussion but, in view of the complexity of the issue and the lack of time available, was unable to conclude it. The TMB, therefore, decided to revert to its examination at the earliest possible date acceptable to both parties, which were invited to send representatives upon the TMB's resumption of this examination (G/TMB/R/16).

79. On 11 September 1996, the TMB was informed by Brazil and Korea that they had decided to resume consultations with respect to the safeguard measures introduced by Brazil pursuant to paragraph 11 of Article 6 on imports of the following Brazilian product categories from Korea: category 611 (woven fabrics containing 85 per cent or more by weight of artificial staple); category 618 (woven artificial filament fabric); category 619 (polyester filament fabric); category 620 (other synthetic filament fabric); and category 627 (sheeting of staple filament fibre combination). Both parties, consequently, requested the TMB to defer its consideration of these measures (G/TMB/R/16).

D. Present status of safeguard actions taken pursuant to Article 6

80. Since the TMB had to devote much of its work to the examination of actions referred to it under the different provisions of Article 6, it seems appropriate to provide a report on the current outcome of such actions, and to offer some comments to Members. It is to be noted that since the entry into force of the WTO Agreement - hence of the ATC - two Members, the United States and Brazil, have invoked the provisions of this Article to take safeguard actions. The United States sought consultations with fourteen Members in twenty-five cases, while Brazil took provisional actions against two Members in seven cases. A breakdown of such invocations by quarters shows the following pattern (see also Annex II):

1995	1st quarter	10 requests (United States)
	2nd quarter	14 requests (United States)
	3rd quarter	None
	4th quarter	None
1996	1st quarter	1 request (United States)
	2nd quarter	7 requests (Brazil)
	3rd quarter	None
Total		32 requests

81. Out of the twenty-five actions taken by the United States, eleven safeguard measures remained in force in September 1996, while fourteen had been disinvoked or the measures rescinded. Of these eleven measures, nine had been agreed between the parties and notified pursuant to paragraph 9 of Article 6, and two had been introduced unilaterally by the United States under paragraph 10 of Article 6. In one of the two latter cases, the TMB had reached the conclusion that actual threat of serious damage had been demonstrated, and could be attributed to the sharp and substantial increase in imports from the Member concerned. In the other case, the TMB had concluded that serious damage had not been demonstrated but could not, however, reach consensus on the existence of actual threat of serious damage.[8]

82. In all cases where the TMB conducted an examination of the measures taken under Article 6, and in particular of the measures taken pursuant to its paragraph 10, it carried out a very thorough review of the matter, on the basis of the factual data presented to it in conformity with paragraph 7 of Article 6, complemented by any additional information submitted by the parties, or it decided to seek from the Members concerned. **The TMB observed that, in most cases, Members were able to comply with its recommendations.**

83. **The TMB is aware of the implications for trade of requests for consultations made with a view to introducing safeguard measures, in particular, when transitional measures are applied and subsequently rescinded. It believes, however, worthwhile to mention that, while during the first half of 1995 (at a time the TMB had not as yet reviewed any safeguard action) twenty-four requests for consultations had been made (all of them by the United States) pursuant to paragraph 7 of Article 6, only eight had been made (seven by Brazil and one by the United States) in the following 15 months.**

84. **The TMB observed that both the Members invoking the safeguard provisions of the ATC and the Members subject to such actions had strictly observed the procedural requirements of Article 6. The TMB was aware that it had not always been possible to meet all the deadlines of the ATC for its review of the measures notified. This had in all instances taken place with the concurrence of the parties involved and could in part be explained by the importance its members attached to a quick, but also thorough consideration of the issues.**

VI. OTHER MEASURES, MATTERS OR INFORMATION SUBMITTED TO THE TMB

A. Matters submitted under paragraphs 5 and/or 6 of Article 8

85. Paragraph 5 of Article 8 provides that "in the absence of any mutually agreed solution in the bilateral consultations provided for in this Agreement, the TMB shall, at the request of either Member, and following a thorough and prompt consideration of the matter, make recommendations to the Members concerned". Paragraph 6 of Article 8 states that "At the request of any Member, the TMB shall review promptly any particular matter which that Member considers to be detrimental to its interests under this Agreement and where consultations between it and the Member or Members concerned have failed to produce a mutually satisfactory solution. On such matters, the TMB may make such observations as it deems appropriate to the Members concerned and for the purposes of the review provided for in paragraph 11". The following such matters have been brought before the TMB.

[8]Both issues were referred to the dispute settlement mechanism by the Members affected.

Articles 8.5 and 4.2 - Philippines/United States: changes in the administration or implementation of restrictions

86. In July 1996 the TMB received a communication from the Philippines regarding changes in the United States' rules of origin, which, it was argued, adversely affected imports into the United States of certain textile products from the Philippines and upset the balance of rights and obligations between the two parties under the ATC. The Philippines requested the TMB to consider this matter. At its meeting in July 1996, the TMB was informed by the Philippines and the United States that they had decided to continue consultations on the matter, and, therefore, requested the TMB to defer its consideration of this notification.

Articles 8.5 and 5.4 - Pakistan/United States - Alleged circumvention by Pakistani companies

87. In February and March 1996 the TMB considered a notification made by Pakistan, under paragraphs 4 of Article 5 and 5 of Article 8, of debits made by the United States to Pakistan's quotas for US category 361 (bedsheets) on account of alleged circumvention by Pakistani companies. The TMB invited the participation of Pakistan and the United States, which sent delegations to present their respective cases. Both parties made presentations and provided replies to questions. At its March meeting, the TMB was informed by the two delegations that, following consultations, a mutually satisfactory understanding had been reached between them, and that this understanding would be notified to the TMB (G/TMB/R/10 and 11). The TMB received the notification on 1 October 1996.

Articles 8.5 and 8.6: Thailand/United States

88. In the context of the safeguard action introduced by the United States on imports of cotton and man-made fibre underwear (see paragraph 52 above), the TMB received a notification from Thailand under paragraphs 5 and 6 of Article 8 of the ATC. According to this notification, since paragraph 4 of Article 6 of the ATC provided that no safeguard measure shall be applied to the exports of any member whose exports of the particular products were already under restraint under the ATC, the United States had no right to introduce a safeguard measure on imports of category 352/652 from Thailand, as that category was already subject to a group limit. The representative of Thailand confirmed that, irrespective of the United States' decision to rescind the safeguard measure against imports from Thailand, Thailand wanted the TMB to review the question of principle raised. After having heard the presentation of the parties, the TMB decided to resume the discussion of this issue at a subsequent meeting (G/TMB/R/2).

89. The TMB did not resume this discussion, but it recalled in its reply to Thailand that when it had reviewed the safeguard measure introduced by the United States on imports of woven wool shirts and blouses (US category 440) from Hong Kong (G/TMB/R/4 and 6), it had noted that Hong Kong's exports of products of category 440 into the United States were already under restraint under a group limit notified by the United States and had found that, according to paragraph 4 of Article 6, the application of a safeguard measure under Article 6 to Hong Kong's exports of products of category 440 into the United States was, therefore, not justified.

Article 8.6: United States/India: imports of women's and girls' wool coats (US category 435)

90. The TMB received a communication from India under paragraph 6 of Article 8, following the review by the TMB of the safeguard action taken by the United States on imports of products of category 435 (women's and girls' wool coats) from India (see paragraph 59 above). In this communication, India noted that the TMB had arrived at a consensus on the absence of serious damage, but could not reach a consensus on the existence of actual threat thereof. Thus, the TMB had not been able to make appropriate recommendations, though paragraph 6 of Article 6 mandated it to do so in

situations where there had been no agreement between the Member proposing to take safeguard action and the Member which would be affected by such action. It was the understanding of the Government of India that, in the absence of a clear recommendation of the TMB upholding the validity of the restraint action by the United States, it was incumbent upon the United States to withdraw the restraint. India, therefore, requested the TMB to review the action by the United States in continuing its restraint on imports of category 435 from India, as such action was detrimental to India's interests. The TMB heard the presentation by India, and considered the elements put forward. The Body could not make any recommendation in addition to the conclusions it had reached at a previous meeting (G/TMB/R/3), nor could the TMB reach a consensus on whether or not the restraint on category 435 could continue to be maintained in light of the absence of consensus on the existence of actual threat of serious damage. The TMB, therefore, considered its review of the matter under the relevant provisions of the ATC completed (G/TMB/R/6).[9]

B. Matters submitted under paragraph 10 of Article 8

91. Paragraph 10 of Article 8 gives the possibility to a Member which "considers itself unable to conform with the recommendations of the TMB", to "provide the TMB with the reasons therefor not later than one month after receipt of such recommendations. Following thorough consideration of the reasons given, the TMB shall issue any further recommendations it considers appropriate forthwith. If, after such further recommendations, the matter remains unresolved, either Member may bring the matter before the Dispute Settlement Body and invoke paragraph 2 of Article XXIII of GATT 1994 and the relevant provisions of the Dispute Settlement Understanding". The TMB has received one such notification. Its review is described below.

India/United States: imports of woven wool shirts and blouses (US category 440)

92. The TMB received a communication from India under paragraph 10 of Article 8, following the review by the TMB of the safeguard action taken by the United States on imports of products of category 440 (woven wool shirts and blouses) from India (see paragraph 61 above). In this communication, India conveyed its inability to conform with the recommendation the TMB had made, which allowed for the continuance of the restraint levels imposed by the United States. The TMB heard the presentation and considered the elements put forward by India. The Body could not make any recommendation in addition to the conclusions it had reached at a previous meeting (G/TMB/R/3). The TMB, therefore, considered its review of the matter completed (G/TMB/R/6).[10]

C. Information submitted to the TMB

Information submitted by Hong Kong

93. The TMB was informed by Hong Kong, pursuant to Article 4.4 of the Dispute Settlement Understanding, of the request for consultations addressed to Turkey by Hong Kong under Article XXII.1 of GATT 1994 relating to the unilateral imposition of quantitative restrictions by Turkey on imports of a broad range of textile and clothing products from Hong Kong as from 1 January 1996 (WT/DS29/1). The TMB took note of this information (G/TMB/R/10).

[9]See also footnote 5 on page 14.

[10]See also footnote 6 on page 15.

Information received from the Chairman of the Trade Negotiating Committee at official level

94. At its first meeting the Chairman informed the TMB that he had received from the Chairman of the Trade Negotiating Committee at official level a Note for the Record, regarding paragraph 13 of Article 6 of the ATC, providing an agreed interpretation of the phrase "unless otherwise justified to the TMB". The TMB agreed to transmit this note (G/TMB/N/107) to WTO Members for their information (G/TMB/R/1).

VII. IMPLEMENTATION OF SPECIAL PROVISIONS IN THE ATC RELATED TO THE SPECIAL INTERESTS OF CERTAIN WTO MEMBERS

A. Article 1.4

95. Paragraph 4 of Article 1 states that "Members agree that the particular interests of the cotton-producing exporting Members should, in consultation with them, be reflected in the implementation of the provisions of this Agreement". The TMB received no specific notification under paragraph 4 of Article 1 related to the implementation of this provision.

B. Special provisions in favour of developing and least-developed country Members

96. Several paragraphs of the ATC contain special provisions in favour of developing and/or least-developed country Members. In its submission to the Committee on Trade and Development, made at the request of the Chairmen of the Council for Trade in Goods and the Committee on Trade and Development, the TMB identified the following: paragraph 2 of Article 1, paragraph 18 of Article 2, paragraphs 6(a), (b) and (c) of Article 6, and paragraph 3(a) of the Annex. In the same submission, the TMB also identified provisions of the ATC which could be applied in such a way as to provide favourable treatment, or be beneficial, *inter alia*, to developing country or least-developed country Members. These are paragraph 4 of Article 1, paragraphs 6 and 7(a) and (b), 15 and 18 of Article 2, Article 3, paragraphs 6(b) and (d) of Article 6, paragraphs 1 and 2 of Article 7. This submission, based on notifications received by the TMB up until mid-July 1996, has been circulated to WTO Members in document WT/COMTD/W/17.

VIII. ARTICLE 7 - COMMITMENTS UNDERTAKEN AS A RESULT OF THE URUGUAY ROUND

97. Paragraph 1 of Article 7 states that, "as part of the integration process and with reference to the specific commitments undertaken by the Members as a result of the Uruguay Round, all Members shall take such actions as may be necessary to abide by GATT 1994 rules and disciplines so as to:

(a) achieve improved access to markets for textile and clothing products through such measures as tariff reductions and bindings, reduction or elimination of non-tariff barriers, and facilitation of customs, administrative and licensing formalities;

(b) ensure the application of policies relating to fair and equitable trading conditions as regards textiles and clothing in such areas as dumping and anti-dumping rules and procedures, subsidies and countervailing measures, and protection of intellectual property rights; and

(c) avoid discrimination against imports in the textiles and clothing sector when taking measures for general trade policy reasons".

98. Paragraph 2 of Article 7 states, *inter alia*, that "Members shall notify to the TMB the actions referred to in paragraph 1 which have a bearing on the implementation of this Agreement. In addition, paragraph 3 of that Article offer the possibility that "where any Member considers that another Member has not taken the actions referred to in paragraph 1, and that the balance of rights and obligations under this Agreement has been upset, that Member may bring the matter before the relevant WTO bodies and inform the TMB". The TMB has not received any notification or information from Members pursuant to these paragraphs.

99. **The TMB was aware of the conclusions reached by the Committee on Market Access in April 1995, according to which in supervising the implementation of concessions relating to tariffs and non-tariff measures, the approach to be followed was to rely on cross or reverse notifications to identify problems that might arise out of the implementation of these concessions. According to the information available to the TMB, no such cross or reverse notification had been submitted to date to the Committee on Market Access. The TMB was equally aware, however, that on a few occasions, issues which may also be relevant in the context of the provisions of Article 7 of the ATC had been raised in the Committee on Market Access.**

100. **The TMB was also aware of the concerns expressed by some Members with respect to the lack of sufficient improvements in access to the markets in some developing Members.**

101. **In accordance with the provisions of paragraph 11 of Article 8, the comprehensive report the TMB is due to submit to the Council for Trade in Goods by the end of July 1997 in the context of the major review of the implementation of the ATC will have to address, *inter alia*, the issue of implementation of Article 7 of the ATC. In order to have a reliable basis for such an assessment, the TMB will have to rely on contributions from Members as well as relevant information from WTO bodies.**

IX. COMPLIANCE WITH NOTIFICATION REQUIREMENTS UNDER THE ATC

102. **The implementation of the ATC cannot be monitored fully unless Members comply with its notification requirements. In this respect, the overall picture is a mixed one. On the one hand, the Members accounting for the majority of international trade in textiles and clothing under the ATC complied with the essential notification requirements of the ATC. A number of notifications have, however, been addressed to the TMB after the respective deadlines foreseen. In this respect the TMB observed that its taking note of late notifications was without prejudice to the legal status of such notifications. On the other hand, as indicated in the context of some of the provisions discussed above, the TMB noted with concern that an important number of Members had not provided any notification. The TMB observed that the Secretariat had sent reminders to Members on their notification obligations. The TMB expressed its serious concern that the absence of notifications or their late submission may have implications for the implementation of the ATC.**

103. **The TMB requests the Council for Trade in Goods to take note of the above observations and concerns and to recall to Members the particular importance of strictly adhering to the notification requirements under the ATC.**

X. FUNCTIONING OF TMB

A. TMB working procedures

104. Pursuant to paragraph 2 of Article 8 of the ATC, the TMB devoted several formal and informal sessions of its first meeting to the elaboration and adoption of its working procedures (G/TMB/R/1).

105. At a subsequent meeting, the TMB had a discussion on when notifications made to the TMB for its information pursuant to paragraph 3 of Article 3 of the ATC should be circulated to WTO Members. Bearing in mind paragraph 5 of Article 3 the TMB decided that in such cases paragraph 4.2(a) of the TMB's working procedures would apply, i.e. that such notifications would be circulated to WTO Members without delay, it being understood that the TMB might examine or review these notifications at a later stage (G/TMB/R/11).

B. Discharging functions on an *ad personam* basis

106. Paragraph 1 of Article 8 of the ATC states that TMB members discharge their function on an *ad personam* basis. The working procedures adopted by the TMB specify that "in discharging their functions … , TMB members and alternates undertake not to solicit, accept or act upon instructions from governments, nor to be influenced by any other organisations or undue extraneous factors. They shall disclose to the Chairman any information that they may consider likely to impede their capacity to discharge their functions on an *ad personam* basis. Should serious doubts arise during the deliberations of the TMB regarding the ability of a TMB member to act on an *ad personam* basis, they shall be communicated to the Chairman. The Chairman shall deal with the particular matter as necessary".

107. When adopting its working procedures, the TMB invited its Chairman to submit to the Council for Trade in Goods the following for appropriate action: "WTO Members which, pursuant to the decision of the General Council of 31 January 1995, appoint TMB members under Article 8.1 of the Agreement on Textiles and Clothing accept that TMB members serve in their *ad personam* basis and not as government representatives. Consequently, they shall not give TMB members instructions, nor seek to influence them, with regard to matters before the TMB. The same applies to alternates." This proposal was transmitted to the Council for Trade in Goods in July 1995, and the matter is still with the Council. **The TMB requests the Council to take appropriate action on this proposal.**

C. Meetings of the TMB

108. The TMB has to date held nineteen meetings, nine in 1995 (the first one was held in seven sessions), ten from January to 1 October 1996, totalling overall eighty-four days (see Annex III). It has reviewed ten safeguard measures imposed pursuant to paragraph 10 of Article 6, as well as five matters referred to the TMB under Article 8, for which it invited delegations of the parties concerned, in accordance with its working procedures. It has started to review two safeguard measures imposed under paragraph 11 of Article 6. The TMB also reviewed, pursuant to paragraph 9 of Article 6, eight agreed restraint measures. In addition it has reviewed, *inter alia*, forty-two notifications made pursuant to paragraphs 6 and 7(a) and (b) of Article 2, twenty-five notifications under paragraph 1 of Article 3, and taken note of twenty-five notifications under paragraph 17 of Article 2, as well as of fifty-eight notifications under paragraph 1 of Article 6. For this purpose, the TMB had in many instances to seek additional information or explanations from the Members before the review could be completed.

D. Circulation of reports, Chairman's notes, derestriction of TMB documents

109. The TMB usually adopts the reports of its meetings at the subsequent meeting, on the basis of a draft proposed by the TMB secretariat incorporating, whenever appropriate, the texts of TMB's

recommendations, findings and observations; these texts themselves have already been adopted by the TMB. Such reports are, therefore, normally circulated to WTO Members more than a month after each meeting of the TMB. The TMB felt that this time lag was unnecessarily long. It, therefore, authorized its Chairman on several instances, in particular when the TMB had reviewed dispute cases between WTO Members, to issue a note forwarding information on the TMB's recommendations, findings and observations to WTO Members (G/TMB/1 to 8).

110. Following the decision adopted by the General Council at its meeting on 18 July 1996, the TMB considered the question of the derestriction of its working documents (G/TMB/W/- and G/TMB/SPEC/-series). The TMB recalled that in adopting its own working procedures on 13 July 1995 it had agreed that it would " … decide on the implementation of the decision of the General Council on derestriction of documents when the General Council has adopted its decision on this matter" (G/TMB/R/1). The TMB took note of the General Council's decision and decided that it would act in full compliance with it (G/TMB/R/16).

E. Overall assessment

111. **An assessment of TMB's functioning cannot be made without taking into consideration the circumstances of its establishment, the initial workload it was faced with, as well as the importance of this sector of international trade for a large number of WTO Members. At the entry into force of the ATC, the TMB composition had yet to be decided, which took the General Council one month. The TMB, therefore, had to start the elaboration of its working procedures, a mandatory requirement of paragraph 2 of Article 8, with considerable delay. It adopted them in a difficult context, as many of the notifications called for by the ATC were arriving and a number of safeguard actions were being taken and had to be reviewed.**

112. **The adoption of working procedures was a precondition for the TMB to become operational. The TMB took four months to develop and adopt them, but, after more than one year of experience, the TMB is of the view that it has been a worthwhile investment. Nevertheless, the TMB keeps its working procedures under review.**

113. **The amount of notifications and dispute cases the TMB has had to review since its inception has been substantial, in particular in 1995. The TMB has been able to cope with it, although in some instances the review of dispute cases had to be slightly delayed. This was done in all cases in consultation - and agreement - with the Members concerned, which showed an understanding for which the TMB is thankful.**

114. **A first set of notifications (e.g. notifications pursuant to Articles 2.1 and 2.2, 2.6 and 2.7(a) and (b), 3.1 and 6.1) reached the TMB in its early days. In view of their great number, and of the number of safeguard actions the TMB had to cope with at the same time, the review of these notifications had to be somewhat delayed. The TMB, however, took the decision to circulate such notifications to WTO Members without delay. It did an in-depth review of these notifications, often seeking additional information (formally and informally) from Members. This in many cases lead to important modifications of the original notifications, with a view to bringing them in line with the relevant provisions of the ATC.**

115. **The TMB reviewed fourteen disputes or related cases; the completion of two of these reviews is pending. In the majority of cases the TMB could reach a consensus and adopt recommendations, as required by the ATC, with which the parties were able to comply.**

116. **As a result of these reviews, as well as of the examination of the other notifications, the TMB believes that it has been able to establish a certain authority and to set certain standards**

which can provide guidance to Members in terms of their implementation of the different provisions of the ATC.

117. **The deadlines provided by the ATC to the TMB for its review of dispute cases places it under tight time constraint. On the one hand, the TMB has to reach a conclusion relatively quickly, but on the other hand, it has to cope with a very substantial amount of information and make an in-depth analysis of many economic and legal arguments and considerations. The TMB is of the view that in some instances additional - if limited - time is necessary to reach decisions as required.**

118. **The TMB is concerned that in a few cases it could not arrive at a consensus decision on matters brought to it, and, therefore, could not fulfil its mandate. Part of this can be attributed to the lack of time available for its review. But the TMB is fully aware of the adverse impact such inability had on the Members affected. While similar circumstances causing a temporary deadlock cannot totally be excluded in the future, the TMB is determined to make all the necessary efforts to overcome such difficulties and reach the decisions required of it by consensus.**

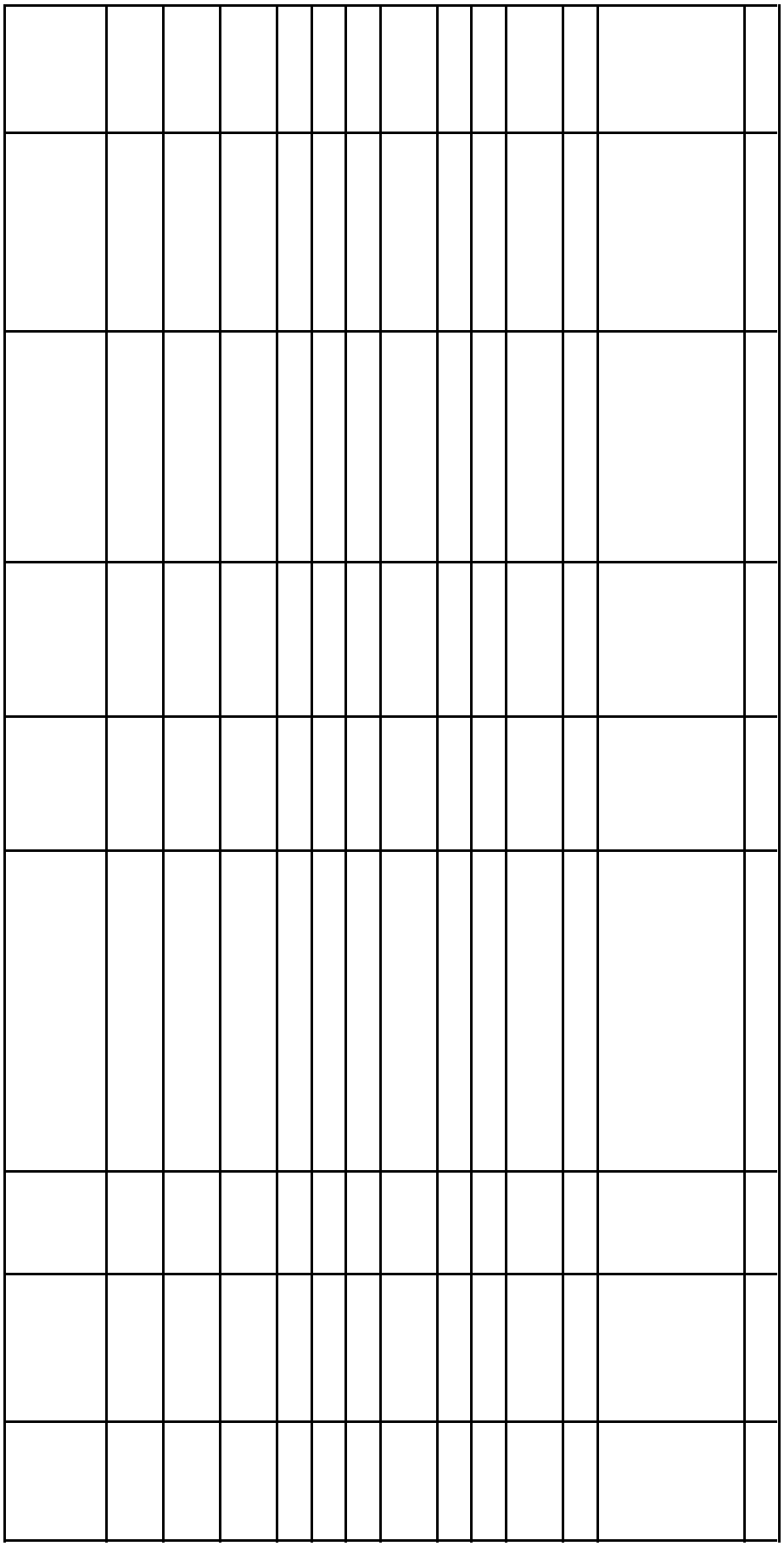
119. **An organizational aspect has also a bearing on the work of the TMB. A number of TMB members are nominated by WTO Members represented by small delegations, and have a number of important duties to perform as their country or territory representatives, in addition to the TMB. While the TMB, in compliance with the decision of the General Council, submitted well in advance its tentative schedule of meetings for 1996, this was often not accommodated in the WTO schedule of meetings. On a number of occasions, meetings of two or three other WTO bodies took place in parallel with TMB meetings, making it difficult for some members or alternates to participate in TMB meetings. In order to facilitate the work of the TMB, due consideration should be given to the schedule of meetings of the TMB in the WTO's overall schedule of meetings.**

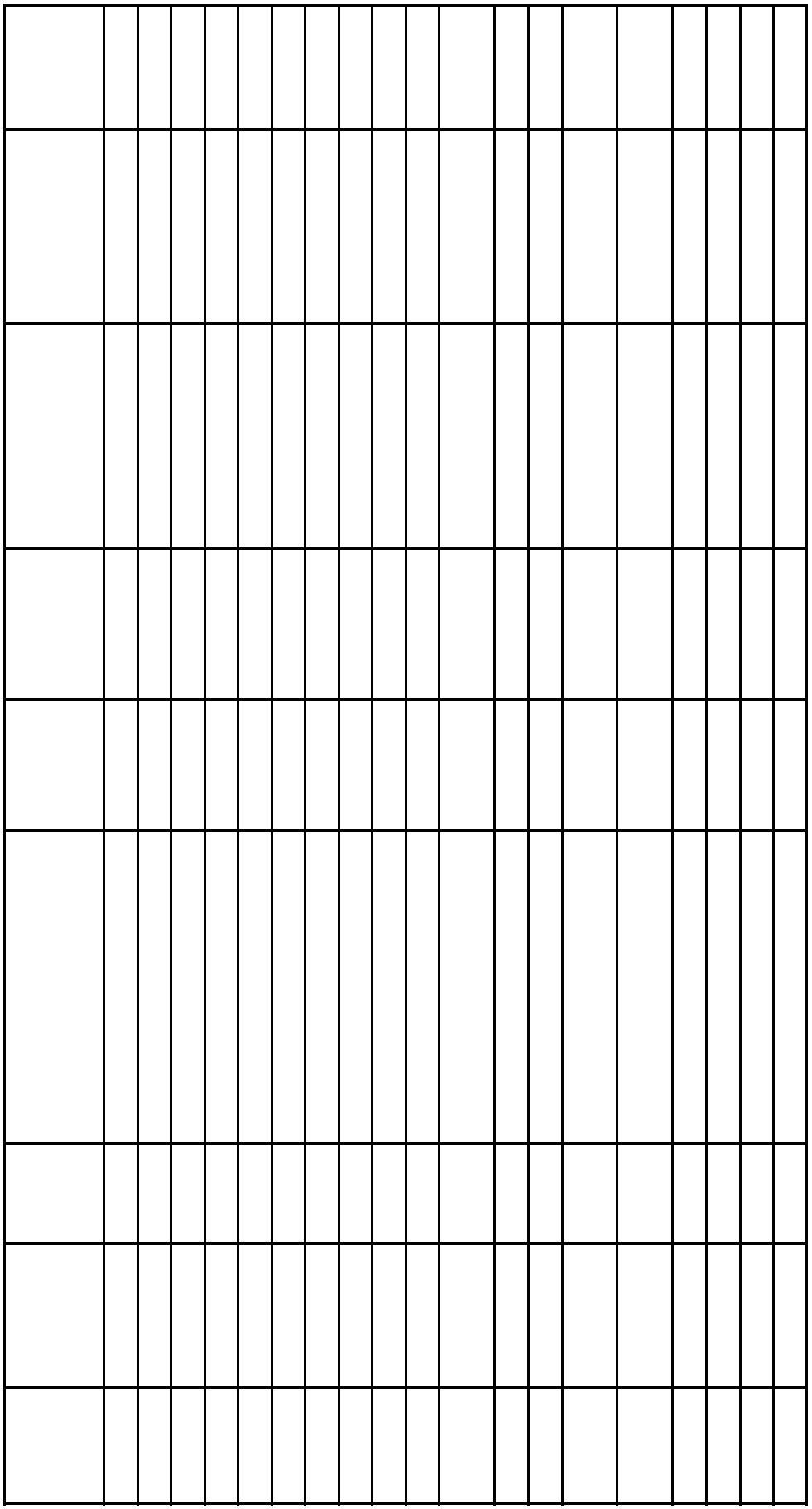
120. **The TMB has made substantial efforts to ensure and to improve the transparency of its proceedings. It has decided to circulate most of the notifications it receives to WTO Members without delay, as reflected in its working procedures. It has also tried to provide as much information as possible in its reports on matters at hand, reproducing in particular the views of the parties to a dispute, and also giving, to the extent possible, the reasons for the decisions reached by consensus. Furthermore, the concern for transparency was germane to the fact that in developing its working procedures the TMB agreed that, in dispute cases, representatives of the Members involved could be present and participate in the discussion, within certain limits, throughout the review, up to, and in some cases, including, the drafting of the recommendations. The TMB has also authorized its Chairman to circulate a note to WTO Members after the conclusion of the review of dispute cases, so that its recommendations or findings are immediately available to WTO Members.**

121. **The TMB is aware of the fact that in a number of cases the common rationale for its recommendations or findings was not as clearly expressed as it would have hoped. It is committed to improving transparency in this respect, as well as making further efforts to provide as many details and explanations as possible in its reports. Members should, however, take into consideration that consensus is sometimes reached on the basis of different considerations or different rationales, and that a more detailed report may render consensus more difficult to achieve and/or require additional time.**

122. **The TMB is of the view that, although it has in most cases been possible for Members to rely on it, there may be a need - and possibility - for improvement in certain areas such as its ability to reach decisions by consensus, and to make its decisions more understandable by Members. In this regard, the TMB feels that one important way to achieve these objectives is**

to ensure that the TMB continues to develop its collegiality in order to overcome possible difficulties stemming, *inter alia*, from the fact that, on the one hand, TMB members are appointed by Members designated by the Council for Trade in Goods and its membership has to be balanced and broadly representative of the Members and, on the other hand, TMB members discharge their functions on an *ad personam* basis. Also with regard to developing collegiality, noticeable progress could be achieved over time, which provides a good basis for future improvements.





ANNEX III

TMB Meetings

Meeting number	Meeting dates	Meeting reports
1	8-9 and 23-24 March, 10-11 April, 15-19 May, 7-9 June, 4-6 and 12-13 July 1995	G/TMB/R/1
2	13-15 and 17-21 July 1995	G/TMB/R/2
3	28 August to 1 September 1995	G/TMB/R/2
4	12 -15 September 1995	G/TMB/R/3
5	25-28 September 1995	G/TMB/R/4
6	16-20 October 1995	G/TMB/R/5
7	13-17 November 1995	G/TMB/R/6
8	4-5 December 1995	G/TMB/R/7
9	18-20 December 1995	G/TMB/R/8
10	1-2 February 1996	G/TMB/R/9
11	26-29 February 1996	G/TMB/R/10
12	20-22 March 1996	G/TMB/R/11
13	22-24 April 1996	G/TMB/R/12
14	3-5 June 1996	G/TMB/R/13
15	24-27 June 1996	G/TMB/R/14
16	22-23 July 1996	G/TMB/R/15
17	9-11 September 1996	G/TMB/R/16
18	16-18 September 1996	G/TMB/R/17
19	30 September-1 October 1996	G/TMB/R/18

SECTION III

REPORT OF THE COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES

WORLD TRADE ORGANIZATION

G/L/118
15 October 1996

(96-4271)

REPORT OF THE COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES

This report was adopted by the Committee on Sanitary and Phytosanitary Measures on 8 October 1996, for consideration by the Singapore Ministerial Conference.

* * *

1. The Agreement on the Application of Sanitary and Phytosanitary Measures sets out the rights and obligations of Members with regard to measures not previously addressed in detail under the GATT.

2. The Committee on Sanitary and Phytosanitary Measures (hereinafter the "Committee") was established to provide a regular forum for consultations and to carry out the functions necessary for the implementation of the Agreement and the furtherance of its objectives, in particular with respect to the process of international harmonization of sanitary and phytosanitary measures. The Committee is to encourage and facilitate ad hoc consultations or negotiations among Members on specific sanitary or phytosanitary issues, to review notifications and to encourage the use of international standards, guidelines and recommendations. The Committee held three regular meetings in 1995 and again in 1996 (see SPS/R/1-5). In addition, informal meetings and consultations were held on several matters. A special joint meeting with the Committee on Technical Barriers to Trade was held on transparency provisions, in particular notification procedures and the operation of Enquiry Points.

3. At its first meeting in 1995, the Committee adopted working procedures (G/SPS/1) and recommended procedures and a format for the implementation of the notification provisions under the Agreement (G/SPS/2). Modifications to these recommended procedures and format, as well as procedures for the notification of urgent actions, were subsequently agreed by the Committee (G/SPS/7). In addition, the Committee established lists (which are regularly updated) of National Enquiry Points (G/SPS/ENQ/series) and of National Notification Authorities (G/SPS/6). At this and later meetings, the Committee also agreed to invite, on an ad hoc basis, the following international intergovernmental organizations as observers to its meetings: Office international des épizooties (OIE), Codex Alimentarius Commission (Codex), International Plant Protection Convention (IPPC), Food and Agriculture Organization (FAO), World Health Organization (WHO), UNCTAD, International Trade Centre (ITC), as well as the International Organization for Standardization (ISO).

4. Under the provisions of the Agreement, all Members (except the least-developed ones which may delay until 2000 the implementation of the Agreement) are required to notify new, or modifications to existing, sanitary or phytosanitary regulations which are not substantially the same as the content of an international standard and may have a significant effect on international trade. Each Member is required to designate a single central government authority as responsible for these notifications. They are also required to establish and identify one National Enquiry Point to respond to requests for information regarding sanitary and phytosanitary measures. As of 8 October 1996, 396 notifications have been received from 31 different Members. 82 Members have identified their National Enquiry Points and 63 have identified their national authority responsible for notifications.

5. The Agreement sets two explicit tasks which the Committee has initiated but not yet concluded. Article 5:5 of the Agreement requires the Committee to develop guidelines to further the practical implementation of this provision[1]. In formal and informal consultations, draft guidelines are being developed for future consideration by the Committee.

6. The Agreement requires that the Committee develop a procedure to monitor the process of international harmonization and the use of international standards, guidelines and recommendations. A proposal for such a procedure is under consideration by the Committee. At the same time, the Committee is also examining to what extent, as provided for by the Agreement, information gathered by the relevant international standard-setting bodies may be used. An alternative approach considered by the Committee is the extent to which these bodies might themselves be involved in the monitoring.

7. The Committee has provided a regular forum for the discussion of specific notifications submitted by Members and of concerns regarding notifications, including insufficient time provided for comment. Other issues regarding the implementation of the Agreement have also been considered by the Committee. Some of these relate to specific measures proposed or taken by certain Members which other Members allege violate the provisions of the Agreement, whereas others concern measures which individual Members have taken to further their implementation of the Agreement, such as, for example, with regard to their use of risk assessment. Trade concerns of a more generic nature, relating to sanitary and phytosanitary measures, have also been discussed, including with regard to the establishment of pesticide residue requirements, procedures for the exchange of scientific and technical information between importing and exporting Members, and sub-national measures.

8. Article 14 provides that the least-developed country Members may delay the application of the Agreement until 2000. Other developing country Members may delay the application of provisions not related to transparency until 1 January 1997, if necessary because of a lack of technical expertise or infrastructure, or of resources. Also, according to the Agreement, the Committee may, under certain circumstances, grant specific, time-limited exceptions to obligations. Although concerns have been expressed by certain Members that some developing country and least developed country Members could experience difficulties in implementing the notification and other provisions of the Agreement, no specific problems in this regard have been brought before the Committee.

9. The Committee has kept the need for technical assistance under regular consideration. The WTO Secretariat has initiated a series of regional seminars in Africa, Asia, Central and Eastern Europe and Latin America, including a number in cooperation with other relevant international organizations, to assist Members' implementation of the Agreement. Other technical assistance has been provided by the Secretariat, directly by Members and by regional or international organizations. Members with specific technical assistance needs within the scope of Article 9 of the Agreement have been encouraged to make these known to the Committee, as have been Members in a position to offer technical assistance.

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[1]Article 5:5 states "With the objective of achieving consistency in the application of the concept of appropriate level of sanitary or phytosanitary protection against risks to human life or health, or to animal and plant life or health, each Member shall avoid arbitrary or unjustifiable distinctions in the levels it considers to be appropriate in different situations, if such distinctions result in discrimination or a disguised restriction on international trade. Members shall cooperate in the Committee, in accordance with paragraphs 1, 2 and 3 of Article 12, to develop guidelines to further the practical implementation of this provision. In developing the guidelines, the Committee shall take into account all relevant factors, including the exceptional character of human health risks to which people voluntarily expose themselves."

10. The effective implementation of the Agreement requires coordination and cooperation with relevant international intergovernmental organizations which develop standards, guidelines and recommendations with respect to sanitary and phytosanitary measures, and in particular the Office international des épizooties (OIE), the Codex Alimentarius Commission (Codex) and the International Plant Protection Convention (IPPC). Close working relationships have been established with these bodies who contribute regularly to the work of the Committee. Much progress has been made in the work undertaken by these bodies which could facilitate the implementation of the Agreement by WTO Members. Progress in the development of relevant international standards and methodologies for risk assessment, in particular, is of fundamental importance in this regard, as is the revision of the IPPC (now under consideration).

11. The Committee has discussed elements of a practical and effective on-going and future work program. This program includes: reviewing the efficacy of the Agreement's notification process; improving transparency in other areas, including through the exchange of information on Members' administrative structures and procedures related to the establishment of SPS measures; facilitating consultations leading to the resolution of current trade problems; coordinating and improving the quality and efficiency of international technical assistance; and promoting the recognition of equivalent SPS measures consistent with the provisions of the Agreement.

12. Article 12:7 of the Agreement provides that the Committee shall review the operation and implementation of the Agreement three years after its entry into force, and, where appropriate, may submit to the Council for Trade in Goods proposals to amend the text of the Agreement having regard, inter alia, to the experience gained in its implementation. The Committee will undertake appropriate work for such a review of the Agreement.

13. The Committee recommends that Ministers endorse the approach set out in paragraphs 5, 6, 11 and 12, above. Furthermore, the Committee recommends that Ministers reiterate the strong commitment of all Members to the full implementation of the Agreement, including its notification and other transparency provisions.

SECTION IV

REPORT OF THE COMMITTEE ON RULES OF ORIGIN

WORLD TRADE ORGANIZATION

G/L/119
18 October 1996

(96-4447)

REPORT OF THE COMMITTEE ON RULES OF ORIGIN

SECTION A - BACKGROUND

Introduction

1. This report covers the years 1995 and 1996. It addresses the work undertaken by the Committee on Rules of Origin (the Committee) in respect of the implementation of the built-in mandate for the harmonization of non-preferential rules of origin (Harmonization Work Programme); implementation of the Agreement on Rules of Origin (the Agreement) in general; and the identification of issues arising in the Harmonization Work Programme. As foreseen in the Agreement (Articles 4.1, 4.2 and 9.2(b)), the Harmonization Work Programme is being jointly undertaken by the Committee and the Technical Committee on Rules of Origin (the Technical Committee) established under the auspices of the World Customs Organization.

2. Multilaterally agreed rules of origin are indispensable for the unrestricted flow of international trade. They provide for predictability and transparency. Second, they eliminate obstacles to the free flow of trade, created by the existence of different national rules of origin with sometimes contradictory methods for the attribution of origin. Finally, under conditions of globalization in which goods are decreasingly being produced in one country there is an urgent necessity to agree to a common set of rules for the conferment of origin on goods. Discussions under the Work Programme illustrate these difficulties and challenges.

3. Members have recognized and reaffirmed that the negotiations for the harmonization of non-preferential rules of origin should establish rules that can be applied in an impartial, transparent, predictable, consistent and neutral manner. The essential objectives and principles of the Harmonization Work Programme are contained in Article 9.1 of the Agreement. Annexed to the Agreement is a common declaration with regard to preferential rules of origin which sets out certain disciplines to be followed in the application of such rules.

Work of the Committee on Rules of Origin

4. In the period under review, the Committee held eight formal meetings which were preceded by extensive informal consultations (see Annex II for minutes). The Committee elected Mr. Chiedu Osakwe (Nigeria) as Chairman and Mrs. Anikó Ivanka (Hungary) as Vice-Chairperson for 1995 and re-elected them for 1996.

5. Participation in the Committee is open to all WTO Members. In addition, Governments granted observer status by the WTO General Council, as well as representatives of the IMF, OECD, UNCTAD, WCO and the World Bank attended Committee meetings as observers.

6. At its meeting of 16 November 1995, the Committee adopted its rules of procedure, which were approved by the Council for Trade in Goods.

SECTION B - STATUS REPORT OF THE COMMITTEE'S WORK

Implementation of the Agreement

(i) Harmonization Work Programme

7. The Harmonization Work Programme was officially launched on 20 July 1995 and is scheduled for completion by 20 July 1998. The Programme is divided into three Phases:

(i) Definitions of Goods Wholly Obtained, and Minimal Operations or Processes;
(ii) Substantial Transformation - Change in Tariff Classification; and
(iii) Substantial Transformation - Supplementary Criteria.

8. From the initiation of the Harmonization Work Programme, in July 1995, to the present, the Committee has received and considered four Reports from the Technical Committee on Rules of Origin (see Annex 2). According to the Agreement on Rules of Origin, the Technical Committee should submit quarterly results of its work to the Committee. At the time of submitting this Report to the Council for Trade in Goods, the Fifth Report from the Technical Committee had been received, but had not yet been circulated for consideration. Consequently, inputs from that Report were not available for inclusion in this Report.

9. At its meeting of 16 November 1995, the Committee began consideration of the First Report of the Technical Committee concerning the definition of wholly obtained goods (Annex A) and the definition of minimal operations or processes that do not by themselves confer origin to a good (Annex B). At that meeting, it approved definitions 1(a), 1(b) and 1(e) of Annex A, and definitions 1(a), 1(b) and 1(c) of Annex B. The Committee decided to request the Technical Committee to refine definitions of 1(c), 1(d) and 1(g) in Annex A. The Committee agreed to request the Technical Committee to forward a general format establishing the overall architectural design within which the results of the different phases of the Harmonization Work Programme will be finalized. On the problem of the definition of the term "country", the Committee decided to request the Technical Committee to fully proceed with the Harmonization Work Programme in the absence of an abstractly constructed definition of the term "country", and to forward to it unresolved practical issues relating to the definition of the term "country", for a final determination.

10. At its meeting of 1 February 1996, the Committee agreed that the Explanatory Notes to the definitions in Annexes A and B of the First Report should be legally binding. It was also agreed that the Committee should request the Technical Committee to revisit the Explanatory Notes on the basis that they will be legally binding. At this meeting, the Committee examined the issue of "scrap and waste" and identified three separate concepts: scrap and waste; articles that can no longer perform their original purpose; and parts recovered from the said articles. The Committee recognized that the issue of parts as an independent issue had not been addressed by the Technical Committee and consequently agreed to refer it to the Technical Committee. On the question of draft definition 2 of Annex A, including the origin of goods obtained or produced on vessels, factory ships, structures and installations outside a country, an alternative draft text was formulated as a possible basis for an agreed definition. However, at subsequent discussions on the issue at the May meeting, different views expressed by Members produced four alternative draft texts as a further possible basis for an agreed definition.

11. At its meeting of 10 May 1996, the Committee approved definitions 1(a), 1(b), 1(c), 1(d), 1(e) and 1(f) and the legally binding notes to those definitions in Annex 2 to the Third Report. With reference to definition 1(i), it was agreed that the Technical Committee should be requested to examine the meaning of the terms "produced" and "solely". The Committee determined the need to transmit

to the Technical Committee the request to further examine and clarify with a view to possibly defining the following terms when used in the context of wholly obtained or produced: processing, further processing and manufacturing. The Committee noted that the draft definitions of minimal operations or processes will be re-examined throughout the Harmonization Work Programme.

12. The Committee also considered the recommendation from the Technical Committee on the general rules for interpreting and applying the rules of origin and the general format establishing the overall architectural design of the harmonized rules of origin. It was agreed that the draft submitted to the Committee presented a valid basis for the continuation of the Harmonization Work Programme, and that the draft needed to be further developed, consistent with the Agreement, as work progresses.

13. The Committee established an Integrated Negotiating Text (INT) for the Harmonization Work Programme which provides a status report and factual account of all stages of the negotiations, including all reservations by Members (see Annex II). It is the common working document and reference point for the joint work of the two Committees. In establishing the INT, it was noted that the aim of such a text would be to enhance efficiency and discipline in the negotiating process, assist delegations, particularly in their capitals, in assessing progress in the negotiations and problems that exist and, finally, also assist in building a bridge of understanding between the two Committees.

(ii) Notification of non-preferential rules of origin

14. Notifications relating to non-preferential rules of origin have been received from 51 Members of which 22 Members notified that they do not have non-preferential rules of origin (see Annex I). This constitutes 46 per cent of Members of the WTO. 59 Members or 54 per cent have not notified.

(iii) Notification of preferential rules of origin

15. Notifications relating to preferential rules of origin have been received from 51 Members, of which one Member notified that it does not have preferential rules of origin (see Annex I). This constitutes 46 per cent of WTO Members. 59 Members have not yet notified their preferential rules of origin (see Annex I), constituting 54 per cent of WTO Members.

16. The Committee repeatedly expressed concern that a number of Members had not yet complied with the notification requirements, and urged those Members who have not yet done so to submit their notifications without further delay.

(iv) Other issues related to implementation of the Agreement

17. Further to the notifications, the Committee also discussed additional issues linked to the implementation of the Agreement. In this regard, concern was expressed by some Members on the need to avoid unilateral changes in rules of origin that create uncertainty and have adverse effects on international trade.

18. Members of the Committee commented also on notifications of national legislation submitted by some Members. Several significant issues were raised. For instance, views were expressed that complex procedures for certificates of origin and exclusive language requirements, in particular in relation to the application of anti-dumping duties, should be avoided; the view was also expressed that certificates of origin could constitute useful instruments in preventing practices aimed at concealing the actual origin of goods. To this end, simplicity of procedures and confidentiality of producer information were emphasized. However, on certificates of origin, the view was expressed that such instruments are not covered by the provisions of the Agreement. On the issues raised, the Committee

did not come to a common view. In the end, the Committee agreed that rules and procedures in domestic legislation must be compatible with GATT 1994 rules, and any changes before the conclusion of negotiations should be consistent with disciplines governing the transition period.

SECTION C - CONCLUSIONS AND RECOMMENDATIONS

Implementation of the Agreement in general

19. The Committee focused on the implementation of the Agreement, particularly on the Harmonization Work Programme.

20. A procedure was adopted by the Committee to deal with queries by Members in respect of notifications of national legislations. This procedure will serve to ensure a proper and coordinated examination of such notified legislation and to ensure conformity with disciplines established in the Agreement. The Committee recommends adherence by Members to the guidelines established for the treatment of notifications by Members.

21. The Committee recognized that notifications are indispensable for the effective and credible functioning of the WTO Agreement. Low rates of notification restrict the ability of the Committee to assess the global status of rules of origin, and consequently the effectiveness of new disciplines once they are concluded. The Committee calls on all Members that have not yet notified either their non-preferential or preferential rules of origin to do so without further delay.

Harmonization Work Programme

22. The Harmonization Work Programme presents a mixed picture of progress and problems. The Work Programme is divided into Phases I, II and III as provided for in Article 9 of the Agreement. Phase I is largely completed, although two issues remain unresolved.

23. First, the origin to be attributed to parts recovered from articles in a country different from the country where the articles were used (consumed) raised several issues.

24. The key pending issue refers to parts recovered from used articles not fit for their original purpose and not capable of being restored or repaired, imported, *inter alia*, for recycling purposes. On this issue, environmental policy considerations were raised by some Members, that trade in such articles and parts should not be used to "dump" scrap and waste, toxic, hazardous and radioactive materials in other countries. The Committee recognized these concerns as valid. At the same time, most Members endorsed the view that the Committee should restrict its work to the attribution of origin to goods, and exclude extra-origin considerations which risk jeopardizing the work of the Committee.

25. The second unresolved question refers to the origin to be attributed to goods obtained or produced on vessels, factory ships, structures and installations outside a country. This question raised several complex issues of international law and public policy linked, in particular, with the practical application of the term "country" in relation to goods which should be considered as being wholly obtained. There are long-standing national positions at issue. Resolution of this problem will be possible only by constructive and mutual compromises and understanding by Members. To this end, the Committee is proceeding with the Harmonization Work Programme on the basis of addressing issues related to the term "country" only to the extent where there are practical consequences for the attribution of origin to specific goods, in the interest of achieving the objectives of this Agreement.

26. The Committee recommends that attention should strictly focus on the conferment of origin to goods, and that extra-origin considerations be excluded from its work. While it is recognized that

harmonization negotiations cannot be undertaken in a vacuum, related issues arising should be referred by the Committee to the relevant Committees.

27. While substantial progress has been made in Phase II of the Harmonization Work Programme, the Phase is behind schedule due to the complexities involved. Notwithstanding these delays, the Committee considers that the Harmonization Work Programme should be completed within the three-year time frame. To this end, additional steps need to be taken, in accordance with the provisions of the Agreement, to ensure adherence to the time frame. Note should be taken of the ongoing efforts to further improve the efficiency of the joint work by the Committee and the Technical Committee. In addition, the Integrated Negotiating Text for the Harmonization Work Programme is a significant and useful document that will facilitate the Harmonization Work Programme. It provides the basis for measuring the progress and the efficiency of the negotiations, as well as the coherence of the rules that are being established.

Annex I

1. Members that have notified Non-Preferential Rules of Origin

Argentina (G/RO/N/2 & 10)
Australia (G/RO/N/1)
Canada (G/RO/N/1)
Colombia (G/RO/N/1)
Cuba (G/RO/N/3)
Czech Rep. (G/RO/N/2)
EC (G/RO/N/1)
Hong Kong (G/RO/N/1)
Hungary (G/RO/N/2)
Japan (G/RO/N/1)
Korea (G/RO/N/1)
Madagascar (G/RO/N/11)
Malta (G/RO/N/4)
Mexico (G/RO/N/12)
Morocco (G/RO/N/2)
New Zealand (G/RO/N/1)
Norway (G/RO/N/8)
Peru (G/RO/N/4 & 5)
Poland (G/RO/N/8)
Romania (G/RO/N/1)
Senegal (G/RO/N/10)
Slovak Republic (G/RO/N/1)
Slovenia (G/RO/N/5 & 7)
South Africa (G/RO/N/3)
Switzerland (G/RO/N/4)
Tunisia (G/RO/N/7)
Turkey (G/RO/N/8)
US (G/RO/N/1 & 6)
Venezuela (G/RO/N/1 & 10)

2. Members that have notified that they do not have Non-Preferential Rules of Origin

Bolivia (G/RO/N/9)
Brunei Darussalam (G/RO/N/5)
Chile (G/RO/N/6)
Costa Rica (G/RO/N/1)
Dominican Rep. (G/RO/N/9)
El Salvador (G/RO/N/10)
Honduras (G/RO/N/3)
Iceland (G/RO/N/5)
India (G/RO/N/1)
Israel (G/RO/N/13)
Jamaica (G/RO/N/4)
Kenya (G/RO/N/9)
Malaysia (G/RO/N/6)
Mauritius (G/RO/N/1)
Nicaragua (G/RO/N/10)
Philippines (G/RO/N/6)
Singapore (G/RO/N/3)
Thailand (G/RO/N/1)
Trinidad & Tob. (G/RO/N/7)
Uganda (G/RO/N/13)
United Arab Emirates (G/RO/N/13)
Uruguay (G/RO/N/12)

3. Members that have not notified Non-Preferential Rules of Origin

Antigua and Barbuda
Bahrain
Bangladesh
Barbados
Belize
Benin
Botswana
Brazil
Burkina Faso
Burundi
Cameroon
Central African Republic
Chad
Côte d'Ivoire
Cyprus
Djibouti
Dominica
Ecuador
Egypt
Fiji
Gabon
Gambia
Ghana
Grenada
Guatemala
Guinea Bissau
Guinea, Rep. of
Guyana
Haiti
Indonesia
Kuwait
Lesotho
Liechtenstein
Macau
Malawi
Maldives
Mali
Mauritania
Mozambique
Myanmar
Namibia
Nigeria
Pakistan
Papua New Guinea
Paraguay
Qatar
Rwanda
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and Grenadines
Sierra Leone
Solomon Islands
Sri Lanka
Suriname
Swaziland
Tanzania
Togo
Zambia
Zimbabwe

4. Members that have notified Preferential Rules of Origin

Argentina (G/RO/N/10 & 12)
Australia (G/RO/N/1)
Bolivia (G/RO/N/1 & 12)
Brazil (G/RO/N/12)
Brunei Darussalam (G/RO/N/4)
Canada (G/RO/N/1, 6 & 8)
Chile (G/RO/N/6)
Colombia (G/RO/N/1 & 12)
Côte d'Ivoire (G/RO/N/11)
Cuba (G/RO/N/3)
Czech Rep. (G/RO/N/2)
Dominican Rep. (G/RO/N/5)
EC (G/RO/N/1)
Ecuador (G/RO/N/12)
El Salvador (G/RO/N/10&11)
Honduras (G/RO/N/3 & 10)
Hungary (G/RO/N/2)
India (G/RO/N/1)
Indonesia (G/RO/N/4)
Israel (G/RO/N/13)
Jamaica (G/RO/N/4)
Japan (G/RO/N/6)
Kenya (G/RO/N/9)
Korea (G/RO/N/7)
Madagascar (G/RO/N/11)
Malaysia (G/RO/N/4)
Malta (G/RO/N/4)
Mauritius (G/RO/N/1)
Mexico (G/RO/N/12)
Morocco (G/RO/N/2)
New Zealand (G/RO/N/1)
Nicaragua (G/RO/N/10)
Norway (G/RO/N/8)
Paraguay (G/RO/N/12)
Peru (G/RO/N/1 & 12)
Philippines (G/RO/N/4)
Poland (G/RO/N/8)
Senegal (G/RO/N/10)
Singapore (G/RO/N/3 & 4)
Slovak Republic (G/RO/N/1)
Slovenia (G/RO/N/5 & 7)
Switzerland (G/RO/N/6)
Thailand (G/RO/N/1 & 4)
Trinidad &Tob. (G/RO/N/7)
Tunisia (G/RO/N/7)
Turkey (G/RO/N/8)
US (G/RO/N/1, 6 & 12)
Uganda (G/RO/N/13)
Uruguay (G/RO/N/5)
Venezuela (G/RO/N/1 & 12)

5. Member that has notified that it does not have Preferential Rules of Origin

Hong Kong (G/RO/N/1).

6. Members that have not notified Preferential Rules of Origin

Antigua & Barbuda
Bahrain
Bangladesh
Barbados
Belize
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Central African Republic
Chad
Costa Rica
Cyprus
Djibouti
Dominica
Egypt
Fiji
Gabon
Gambia
Ghana
Grenada
Guatemala
Guinea Bissau
Guinea, Rep. of
Guyana
Haiti
Iceland
Kuwait
Lesotho
Liechtenstein
Macau
Malawi
Maldives
Mali
Mauritania
Mozambique
Myanmar
Namibia
Nigeria
Pakistan
Papua New Guinea
Qatar
Romania
Rwanda
St. Kitts & Nevis
Saint Lucia
Saint Vincent & Grenadines
Sierra Leone
Solomon Islands
South Africa
Sri Lanka
Suriname
Swaziland
Tanzania
Togo
United Arab Emirates
Zambia
Zimbabwe

Annex II

1. Minutes of Meetings of the Committee on Rules of Origin

- 4 April 1995 (G/RO/M/1)
- 27 June 1995 (G/RO/M/2)
- 16 November 1995 (G/RO/M/3)
- 29 November 1995 (G/RO/M/4)
- 1 February 1996 (G/RO/M/5)
- 10 May 1996 (G/RO/M/6)
- 13 September 1996 (G/RO/M/7)
- 11 October 1996 (G/RO/M/8)

2. Reports of the Technical Committee on Rules of Origin

- G/RO/1 (First Report)
- G/RO/4 (Second Report)
- G/RO/5 (Third Report)
- G/RO/6 (Fourth Report)
- G/RO/9 (Fifth Report - received but not yet considered)

3. Letters from the Chairman of the Committee on Rules of Origin to the Chairman of the Technical Committee on Rules of Origin

- Working languages of the Technical Committee on Rules of Origin (6 April 1995, G/RO/W/1)
- Initiation of the Harmonization Work Programme (20 July 1995, G/RO/W/4)
- Definition of the term "country": establishment of a drafting group (29 June 1995, G/RO/W/5)
- Harmonization of rules of origin (2 January 1996, G/RO/W/9)
- Harmonization of rules of origin (1 February 1996, G/RO/W/11)
- Integrated Negotiating Text for the Harmonization Work Programme (22 May 1996, G/RO/W/13)
- Harmonization of rules of origin (21 May 1996, G/RO/W/14)
- Integrated Negotiating Text for the Harmonization Work Programme (12 September 1996, G/RO/7)
- Harmonization of rules of origin (16 September 1996, G/RO/8)

4. Integrated Negotiating Text for the Harmonization Work Programme
- G/RO/W/13
- G/RO/W/13/Rev.1

SECTION V

REPORT OF THE INDEPENDENT ENTITY TO THE COUNCIL FOR TRADE IN GOODS

WORLD TRADE ORGANIZATION

G/PSI/IE/3
G/L/120
18 October 1996
(96-4337)

Agreement on Preshipment Inspection
Independent Entity

REPORT OF THE INDEPENDENT ENTITY TO THE COUNCIL FOR TRADE IN GOODS

The Agreement on Preshipment Inspection provides for the establishment of an Independent Entity for the administration of the independent review procedures as set out in Article 4 of the Agreement. The Independent Entity (IE) was established by Decision of the General Council of 13 December 1995 (WT/L/125/Rev.1). Paragraph I.C of the Structures and Functions of the Independent Entity (Annex II of WT/L/125/Rev.1) provides that,

> "the IE will report to the Council for Trade in Goods at least once a year but more frequently if necessary."

The report below is presented in accordance with the above requirement.

1. The Decision of the General Council of 13 December 1995 (WT/L/125/Rev.1) approved the Agreement between the WTO, the International Chamber of Commerce (ICC), and the International Federation of Inspection Agencies (IFIA) establishing the Independent Entity foreseen in Article 4(a) of the Agreement on Preshipment Inspection. Annex I of the Decision contains the terms of the Agreement between the WTO, the ICC, and the IFIA; Annex II contains the Structure and Functions of the Independent Entity; and Annex III contains the Rules of Procedure for the Operation of Independent Reviews.

2. Following the Decision of the General Council, the administrative and procedural requirements necessary to commence operations of the IE were put in place in April 1996. Specifically, the List of Experts for Independent Reviews had been finalized and distributed in document G/PSI/IE/1, and the information and application forms had been translated and distributed globally to the affiliates and contacts of ICC and IFIA. Following this confirmation, WTO Members were notified that as of 1 May 1996, the IE would be prepared to receive applications requesting independent reviews (G/PSI/IE/2).

3. During the reporting period, the IE has received no requests for an independent review.

SECTION VI

REPORT OF THE COMMITTEE ON CUSTOMS VALUATION

WORLD TRADE ORGANIZATION

G/L/121
29 October 1996

(96-4527)

Committee on Customs Valuation

REPORT OF THE COMMITTEE ON CUSTOMS VALUATION TO THE COUNCIL FOR TRADE IN GOODS

A. Background

1. The Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (the Agreement) entered into force on 1 January 1995. This report covers the years 1995 and 1996. It addresses the work undertaken by the Committee on Customs Valuation (the Committee) in respect of the objectives of the Agreement, which are: to provide greater uniformity and certainty in the implementation of the provisions of Article VII of the GATT 1994; to establish a fair, uniform and neutral system for the valuation of goods for customs purposes that precludes the use of arbitrary or fictitious customs values; to ensure that the basis for valuation of goods for customs purposes should, to the greatest extent possible, be the transaction value of the goods being valued; and to secure additional benefits for the international trade of developing countries.

2. During the period under consideration, the Committee has held four formal meetings, on 12 May 1995 (G/VAL/M/1), 24 October 1995 (G/VAL/M/2), 25 April 1996 (G/VAL/M/3) and 25 October 1996 (G/VAL/M/4, to be issued). The Committee elected Mr. P. Palecka (Czech Republic) as Chairman and Mr. M. Baumbach (Brazil) as Vice-Chairman for 1995, and re-elected them for 1996.

3. Participation in the Committee is open to all WTO Members. In addition, Governments granted observer status by the WTO General Council, as well as representatives of the World Customs Organization (WCO), IMF and UNCTAD attended Committee meetings as observers.

4. At its meeting of 24 October 1995, the Committee adopted its rules of procedure, which were approved by the Council for Trade in Goods.

B. Implementation of the Agreement

5. The Committee examined the national legislations of eight Members which had been submitted during the period under consideration. The Committee concluded its examination of the legislations of Canada, the Czech Republic, the European Communities, Macau, Slovenia, and South Africa. With respect to the Mexican and Indian legislations, the Committee took note of the various points raised and the explanations furnished, and agreed to continue the examination.

6. The Committee adopted two decisions which were referred by the Ministers at Marrakesh to the Committee for adoption: (i) decision regarding cases where customs administrations have reasons to doubt the truth or accuracy of the declared value; and (ii) decision on texts relating to minimum values and imports by sole agents, sole distributors and sole concessionaires (G/VAL/1). The Committee also adopted decisions relating to the interpretation and administration of the Agreement (G/VAL/5). These decisions were originally adopted by the Tokyo Round Committee on Customs Valuation. The Committee further agreed on procedures for the notification of national legislation and response to the checklist of issues by Members who were Tokyo Round signatories and whose legislation had already been examined.

7. In conformity with Article 20.1 of the Agreement, 51 developing country Members have invoked delayed application of the provisions of the Agreement. Understanding has been reached in the Committee that the texts of the national legislation of these developing country Members will be supplied to the Committee before the developing country Members begin applying the provisions of the Agreement (G/VAL/5, para. B 2(ii)).

8. To date 14 Members have submitted communications indicating that their legislation notified under the Tokyo Round Customs Valuation Agreement remained valid under the WTO Customs Valuation Agreement; in addition 8 Members have notified either their complete national legislation on customs valuation or amendments thereto; 37 Members have not yet made any notification. (See Annex). The Chairman of the Committee has repeatedly expressed concern that a number of Members have not yet complied with the notification requirements, and urged those Members who have not yet done so to submit their notifications without further delay.

9. One Member has notified the date of its application of paragraph 2 of the Decision of the Committee on Customs Valuation on Valuation of Carrier-Media Bearing Software for Data Processing Equipment (See Annex).

10. The Committee took note that the General Council had, at its meeting of 31 January 1995, adopted a decision on "Continued Application under the WTO Customs Valuation Agreement of Invocations of Provisions for Developing Countries for Delayed Application and Reservations under the Tokyo Round Customs Valuation Agreement" (WT/L/38); and that the General Council had, at its meeting of 31 January 1995, adopted a decision on the "Avoidance of Procedural and Institutional Duplication" (WT/L/29). The Committee also took note of the reports on the work of the First (2-6 October 1995), Second (4-8 March 1996) and Third (30 September-4 October 1996) Sessions of the Technical Committee of the WCO.

C. Recommendations

11. The Committee recommends that, in accordance with the provisions of Article 20.3 of the Customs Valuation Agreement, emphasis be placed on addressing the technical assistance needs of developing countries in collaboration with the technical assistance activities of the World Customs Organization in order to ensure the smooth and timely transition of all Members towards effective and full implementation of the Agreement.

ANNEX

(i) Members who have indicated that their legislation remains valid under the WTO Customs Valuation Agreement in accordance with the decision taken by the Committee (G/VAL/M/1) (14)

Australia (G/VAL/N/1/AUS/1)
Brazil (G/VAL/N/1/BRZ/1)
Hong Kong (G/VAL/N/1/HKG/1)
Hungary (G/VAL/N/1/HUN/1)
Japan (G/VAL/N/1/JPN/1)
Korea (G/VAL/N/1/KOR/1)
New Zealand (G/VAL/N/1/NZL/1)
Norway (G/VAL/N/1/NOR/1)
Romania (G/VAL/N/1/ROM/1)
Slovak Republic (G/VAL/N/1/SVK/1)
Switzerland (G/VAL/N/1/CHE/1)
Turkey (G/VAL/N/1/TUR/1)
United States (G/VAL/N/1/USA/1)
Zimbabwe (G/VAL/N/1/ZWE/1)

(ii) Members who have submitted their legislations or amendments in accordance with Articles 22.1 and 22.2 of the Agreement (8)

Canada (G/VAL/N/1/CAN/1)
Czech Republic (G/VAL/N/1/CZE/1)
European Communities (G/VAL/N/1/EEC/1/Rev.1)
India (G/VAL/N/1/IND/ 2)
Macau (G/VAL/N/1/MAC/1)
Mexico (VAL/1/Add.25/Suppl.1/Rev.1, Suppl.2, and Suppl.3)
Slovenia (G/VAL/N/1/SVN/1)
South Africa (G/VAL/N/1/ZAF)

(iii) Members who have delayed application of the provisions of the Agreement in accordance with Article 20.1 of the Agreement (51)

Bangladesh (WT/Let/1/Rev.1)
Bolivia (WT/Let/48)
Brunei Darussalam (WT/Let/36)
Burkina Faso (WT/Let/19)
Burundi (WT/Let/24)
Cameroon (WT/Let/41)
Central African Republic (WT/Let/19)
Chile (WT/Let/1/Rev.1)
Colombia (WT/Let/1/Rev.2)
Costa Rica (WT/Let/1/Rev.1)
Côte d'Ivoire (WT/Let/1/Rev.1)
Cuba (WT/Let/19)
Djibouti (WT/Let/108)
Dominican Republic (WT/Let/1/Rev.1)
Ecuador (WT/Let/72)
Egypt (WT/Let/19)
El Salvador (WT/Let/1/Rev.2)
Gabon (WT/Let/1/Rev.1)
Ghana (WT/Let/1/Rev.1)
Guatemala (WT/Let/24)
Honduras (WT/Let/1/Rev.1)
Indonesia (WT/Let/1/Rev.1)
Israel (WT/Let/1/Rev.2)
Jamaica (WT/Let/1/Rev.2)
Kenya (WT/Let/1/Rev.1)
Kuwait (WT/Let/72)
Madagascar (WT/Let/85)
Malaysia (WT/Let/1/Rev.1)
Mali (WT/Let/78)
Malta (WT/Let/1/Rev.1)
Mauritania (WT/Let/82)
Mauritius (WT/Let/1/Rev.2)
Morocco (Decision in WT/L/38)
Myanmar (WT/Let/1/Rev.1)
Nicaragua (WT/Let/29)
Nigeria (WT/Let/106)
Pakistan (WT/Let/1/Rev.1)
Paraguay (WT/Let/1/Rev.1)
Peru (Decision in WT/L/38)
Philippines (WT/Let/1/Rev.1)
Senegal (WT/Let/1/Rev.1)
Singapore (WT/Let/1/Rev.1)
Sri Lanka (WT/Let/1/Rev.1)
Thailand (WT/Let/1/Rev.1)
Togo (WT/Let/19)
Tunisia (WT/Let/1/Rev.2)
Uganda (WT/Let/108)
United Arab Emirates (WT/Let/72)
Uruguay (WT/Let/1/Rev.1)
Venezuela (WT/Let/1/Rev.1)
Zambia (WT/Let/28)

(iv) Members who have made no notifications (36)

Antigua & Barbuda	Lesotho
Argentina	Malawi
Bahrain	Maldives
Barbados	Mozambique
Belize	Namibia
Benin	Papua New Guinea
Botswana	Poland
Chad	Qatar
Cyprus	Rwanda
Dominica	Saint Kitts & Nevis
Fiji	Saint Lucia
Gambia	Saint Vincent & Grenadines
Grenada	Sierra Leone
Guinea Bissau	Solomon Islands
Guinea, Rep. of	Suriname
Guyana	Swaziland
Haiti	Tanzania
Iceland	Trinidad & Tobago

(v) Members who have notified that they apply paragraph 2 of the decision of the Committee on Customs Valuation on Valuation of Carrier Media Bearing Software for Data Processing Equipment

Cyprus (G/VAL/N/1/CYP/1)

SECTION VII

REPORT OF THE COMMITTEE ON TECHNICAL BARRIERS TO TRADE

WORLD TRADE ORGANIZATION

G/L/122
28 October 1996

(96-4491)

REPORT OF THE COMMITTEE ON TECHNICAL BARRIERS TO TRADE

This Report was adopted by the Committee on Technical Barriers to Trade on 22 October 1996, for the consideration by the Singapore Ministerial Conference.

* * *

I. INTRODUCTION

1. The Committee on Technical Barriers to Trade was established on 1 January 1995 under Article 13.1 of the Agreement on Technical Barriers to Trade (TBT). Membership of the TBT Committee is open to all WTO Members. Observer governments and observers from international intergovernmental organizations were invited to participate in the TBT Committee's formal meetings in accordance with the relevant Decisions of the General Council.[1]

2. The Committee held its first, second, third, fourth, fifth, sixth and seventh meetings on 21 April 1995 (G/TBT/M/1), 14 July 1995 (G/TBT/M/2), 20 October 1995 (G/TBT/M/3), 1 March 1996 (G/TBT/M/4), 28 June 1996 (G/TBT/M/5), 16 October 1996 (G/TBT/M/6) and 22 October 1996 (G/TBT/M/7) respectively. At its first meeting, the Committee elected Ambassador C. L. Guarda (Chile) as Chairperson. On 6-7 November 1995, the Committee held a special joint meeting on Procedures for Information Exchange with the SPS Committee to facilitate the implementation of these procedures by Members. No formal decisions were taken at the meeting, but proposals emanating from the discussions were brought to the attention of the Committee for consideration (G/TBT/W/16). On 27 February 1996, the Committee held a joint informal meeting with the Committee on Trade and Environment to pursue discussions on eco-labelling.

II. IMPLEMENTATION OF THE MARRAKESH MINISTERIAL DECISIONS

3. On 15 April 1994, Ministers in Marrakesh adopted two Decisions relating to the TBT Agreement. They are: (i) Decision on Proposed Understanding on WTO-ISO Standards Information System; and (ii) Decision on Review of the ISO/IEC Information Centre Publication. Subsequent to these Decisions, an agreement was reached between the Secretary-General of the ISO Central Secretariat and the Director-General of the WTO to establish a WTO Standards Information Service operated by the ISO to provide information on standardizing bodies under Paragraphs C and J of the Code of Good Practice for the Preparation, Adoption and Application of Standards contained in Annex 3 of the WTO TBT Agreement. The Memorandum of Understanding agreed upon was circulated in document G/L/1.

[1] Decisions of the General Council: Participation in Meetings of WTO Bodies by Certain Signatories of the Final Act eligible to become Original Members of the WTO (WT/L/27); Guidelines for Observer Status for Governments in the WTO (WT/L/161 - Annex 2); and Observer Status for International Intergovernmental Organizations in the WTO (WT/L/161 - Annex 3). Representatives of the IMF, UNCTAD, ITC (UNCTAD/GATT), ISO, IEC, FAO, WHO, FAO/WHO Codex Alimentarius Commission, International Office of Epizootics, OECD and UN/ECE are invited to attend meetings of the TBT Committee in an observer capacity.

4. At its first meeting, the Committee took note of the statements made regarding the procedures for notifications under the Code of Good Practice (G/TBT/W/4/Rev.1) and agreed that the Committee Chairperson would inform the Chairman of the Budget Committee of the financial resources needed by the ISO/IEC Information Centre for the application of the WTO Standards Information Service operated by ISO.

5. The first annual WTO TBT Standard Code Directory was prepared by the ISO/IEC Information Centre at the beginning of 1996, and contains information received pursuant to paragraphs C and J of the Code of Good Practice, including information on the work programmes of standardizing bodies that have accepted the Code. At the end of 1995, 28 standardizing bodies from 26 Members had accepted the Code of Good Practice. At its fourth meeting on 1 March 1996, the Committee carried out its first annual review of the Code of Good Practice under the Ministerial Decision on review of the ISO/IEC Information Centre Publication.

III. STATUS OF IMPLEMENTATION OF THE AGREEMENT

A. Statements received under Article 15.2 from Members on Measures taken to Implement and Administer the Agreement (G/TBT/2 and Add.1-26)

6. This is a one-time notification by each Member of the legislative, regulatory and administrative actions it has taken to ensure that the provisions of the Agreement are applied.

Total: 42

of which:

Tokyo Round TBT Signatories (46): 37

New WTO Members of the Agreement (79): 5

The Chairperson sent reminders at the beginning of May 1996 to delegations whose statements had not yet been received.

B. Standardizing Bodies accepting the Code of Good Practice for the Preparation, Adoption and Application of Standards (G/TBT/CS/N/1-60)

7. It is an obligation under Article 4 that central government standardizing bodies accept and comply with the Code of Good Practice. Members shall also take such reasonable measures as may be available to them to ensure that local government, non-governmental and regional standardizing bodies accept and comply with the Code. There are estimated to be somewhat in excess of 600 standardizing bodies worldwide.

Total: 60

of which:

Central Government Standardizing Bodies: 23

Others: 37

C. Notifications made by Members under Articles 2.9.2, 2.10.1, 3.2, 5.6.2, 5.7.1 and 7.2 of the Agreement since 1 January 1995 (G/TBT/Notif.95.1-365 and G/TBT/Notif.96.1-390)

8. These are periodic notifications of changes in technical regulations and conformity assessment procedures by central governments and local governments. A list indicating the number of notifications made by Members and by Articles is contained in Annex 1.

Total: 755

of which:

Tokyo Round TBT Signatories (46): 31

New WTO Members of the Agreement (79): 2

Local Governmental technical regulations and conformity assessment procedures: 3

Non-notified measures raised in TBT Committee meetings: 1

D. Establishment of Enquiry Points by Members under Article 10 (G/TBT/ENQ/7)

9. Members are required to establish national Enquiry Points to answer all reasonable enquiries on their application of trade-related technical regulations, standards and conformity assessment procedures.

Total: 73

of which:

Tokyo Round TBT Signatories (46): 45

New WTO Members of the Agreement (79): 28

E. Notifications made by Members under Article 10.7 of the Agreement

10. Members are obliged to notify whenever they have reached agreements with any other country or countries on issues related to technical regulations, standards or conformity assessment procedures which may have a significant effect on trade.

Total: none

F. Overall assessment

11. At the Committee's fifth meeting, the Chairperson expressed the view that implementation of the TBT Agreement was proceeding slower than is desirable in relation to the submission of statements under Article 15.2 and the number of standardizing bodies that have accepted the Code of Good Practice. To the extent that this was due to real technical difficulties or a lack of awareness of the obligations under the Agreement, the Secretariat was encouraged to redouble its technical assistance work in this area. The Secretariat has organized together with the ISO and with the ITC three regional seminars in 1996 in South Africa, Latin America and Central America, aiming at providing technical assistance to new Members, in particular developing countries, to better understand the Agreement so that it can be fully implemented.

IV. ACTIVITIES OF THE COMMITTEE SINCE 1 JANUARY 1995

A. Decisions and Recommendations adopted by the Committee (G/TBT/1/Rev.4)

12. At its first meeting, the Committee adopted its rules of procedure. These were subsequently approved by the Council for Trade in Goods. At its second meeting, the Committee adopted decisions and recommendations regarding: (i) Statements on implementation and administration of the Agreement under Article 15.2 of the Agreement; (ii) Notification procedures; and (iii) Procedures for information exchange. At its third meeting, the Committee adopted decisions and recommendations regarding: (i) Technical assistance; and (ii) Regional standard-related activities. At its fourth meeting, the Committee adopted certain changes to the format for notifications under Articles 2, 3, 5 and 7 and agreed to derestrict TBT notifications and the list of enquiry points. At its fifth meeting, the Committee adopted the format for notifications under Article 10.7 of the Agreement and agreed to amend its decision regarding technical assistance to make special mention of the technical assistance needs of the least developed countries.

B. Main Issues discussed at Committee Meetings

13. At each of its meetings, the Committee heard statements on the implementation and administration of the Agreement. A number of Members informed the Committee of measures taken to ensure the implementation and administration of the Agreement. Several measures were brought to the Committee's attention by Members who raised concerns about the potential adverse trade effect or inconsistency with the Agreement of those measures. A number of requests were made for additional information from Members on their proposed or adopted technical regulations, standards and conformity assessment procedures. In several instances the Members concerned chose to communicate their replies to these requests through the Committee. (G/TBT/M/1, 5 and 6)

14. The Committee held discussions on the issue of technical assistance (G/TBT/W/26 and G/TBT/M/1, 3 and 5). At its third and fifth meetings, the Committee adopted decisions on technical assistance (G/TBT/1/Rev.4).

15. The issue of eco-labelling was taken up at various meetings of the Committee (G/TBT/M/2-6) and also at a special joint informal meeting with the Committee on Trade and Environment. Discussions focused on environmental labelling (eco-labelling) programmes and measures and their relationship to the provisions of the TBT Agreement. While there is no consensus on the coverage by the TBT Agreement of eco-labelling schemes and the criteria, based on non-product related processes and production methods, it is generally felt important to review thoroughly the process of eco-labelling, from its design stages to its application in practice, against principles and disciplines of the Agreement relating to transparency, harmonization, non-discrimination, the avoidance of unnecessary obstacles to trade, and special and differential treatment of developing country Members. In response to a request at the meeting of the Committee on Trade and Environment on 21 June 1995, the Secretariat prepared a note on Negotiating History of the Coverage of the Agreement on Technical Barriers to Trade with regard to Labelling Requirements, Voluntary Standards, and Processes and Production Methods Unrelated to Product Characteristics (G/TBT/W/11). Discussions on the issue have been enriched by presentations of several existing eco-labelling schemes at the joint informal session of the TBT Committee and the Committee on Trade and Environment (G/TBT/W/23). Papers and a draft decision were presented by the delegation of Canada (G/TBT/W/9, 21 and 30) to promote discussion of the issue. A proposal was made by the delegation of the United States regarding further work on transparency of eco-labelling (G/TBT/W/29).

16. Several Members expressed interest in and requested further information on the ISO 9000 and ISO 14000 standards series on quality management and environmental management (G/TBT/M/2-4). A presentation was made and a communication was received from the ISO in this regard (G/TBT/W/20).

C. Other Activities and Reviews conducted by the Committee

17. At its fourth meeting, the Committee carried out its first annual review of the implementation and operation of the Agreement under Article 15.3 based on background documentation contained in G/TBT/3 and Corr.1. The need for improving implementation was emphasized.

18. At its sixth meeting, the Committee conducted a periodic examination of the special and differential treatment granted to developing country Members under Article 12.10 of the Agreement (G/TBT/M/6).

19. The Committee held discussions on decisions and recommendations on conformity assessment procedures and heard representations from the ISO on latest developments in ISO/IEC work relating to rules and guides in conformity assessment activities; from the International Laboratory Accreditation Conference (ILAC) on accreditation activities in the conformity assessment area; and from the United Nations - Economic Commission for Europe on rules and work of the UN/ECE.

V. PROGRESS CONCERNING WORK UNDER THE BUILT-IN AGENDA

20. Under Article 15.4 of the Agreement, the Committee will carry out its first triennial review of the operation and implementation of the Agreement not later than the end of 1997, including the provisions relating to transparency, with a view to recommending an adjustment of the rights and obligations of the Agreement where necessary to ensure mutual economic advantage and balance of rights and obligations. Having regard to the experience gained in the implementation of the Agreement, the Committee shall, where appropriate, submit proposals for amendments to the text of the Agreement to the Committee for Trade in Goods.

21. It is felt important to ensure that a thorough examination of all aspects of the TBT Agreement relevant to technical regulations, standards and conformity assessment procedures can be carried out at the triennial review in order to strengthen implementation of the existing disciplines and further the Agreement with the aim of facilitating trade through more efficient and effective regulation. Issues suggested by Members for the review include: the Code of Good Practice for the Preparation, Adoption and Application of Standards; international standards; notification procedures; mutual recognition agreements and equivalence; measures not more trade restrictive than necessary; and conformity assessment procedures.

Annex 1

Notifications made in 1995 and 1996 by Members and by relevant Articles of the Agreement

Members	**Number of notifications made in 1995**	**Number of notifications made under the relevant Articles in 1995**							**Number of notifications made in 1996**	**Number of notifications made under the relevant Articles in 1996**						
		2.9	2.10	3.2	5.6	5.7	7.2	not specify.		2.9	2.10	3.2	5.6	5.7	7.2	not specify.
Argentina	-								1		1					
Australia	20	20							14	14						
Belgium	17	17							13	13						
Brazil	-								7	2	3					2
Canada[2]	29	27		2					18	18		1				
Czech Republic	12	12							13	13						
Denmark[2]	28	20	10		7	6			10	5						5
El Salvador	1		1						-							
European[2] Community	32	32							36	34			8			1
Finland	4	4							3	3						
France	1	1							1	1						
Germany	2	2							1							1
Hong Kong	6	5			1				4	3			1			
India	11	10						1	14	14						
Korea, Rep. of [2]	13	8	1					4	8	8			2			

[2]The number of notifications made under the relevant Articles does not correspond to the total number of notifications made during the current period since certain notifications were made under more than one Article.

Members	**Number of notifications made in 1995**	**Number of notifications made under the relevant Articles in 1995**							**Number of notifications made in 1996**	**Number of notifications made under the relevant Articles in 1996**						
		2.9	2.10	3.2	5.6	5.7	7.2	not specify.		2.9	2.10	3.2	5.6	5.7	7.2	not specify.
Jamaica	-								1	1						
Japan [2]	48	41	1		6				34	31	1		3			
Malaysia	1							1	19	5						14
Mexico	29	28	1						20	20						
Netherlands	33	33							29	29						
New Zealand	1	1							1	1						
Norway	6	6							25	25						
Philippines[2]	-								11	11	1			1		
Singapore	8	8							-							
Slovak Rep.	14	9			5				4	3			1			
Spain	4	4							6	5						1
Sweden[2]	5	4						1	26	26			1			
Switzerland	4	4							9	9						
Thailand	7	7							9	3	4					2
United States	29	29							34	34						
TOTAL	***365***	***332***	***14***	***2***	***19***	***6***	***-***	***7***	***371***	***331***	***10***	***1***	***16***	***1***	***-***	***26***

Annex 2

Notifications under Article 15.2 and of the Establishment of Enquiry Points under Article 10 by Members; and of the Acceptance of the Code of Good Practice for the Preparation, Adoption and Application of standards by standardizing bodies

MEMBER	ARTICLE 15.2	ACCEPTANCE OF THE CODE OF GOOD PRACTICE	ENQUIRY POINTS
Antigua and Barbuda			
Argentina	x		x
Australia	x	1	x
Austria	x	2	x
Bahrain	x		x
Bangladesh			
Barbados			
Belgium	x		x
Belize			
Benin			x
Bolivia			x
Botswana			
Brazil	x	1	x
Brunei Darussalam			
Burkina Faso			
Burundi			
Cameroon			
Canada	x		x
Central African Republic			
Chad			
Chile	x	1	x
Colombia	x	1	x
Costa Rica			x
Côte d'Ivoire			
Cuba	x	1	x
Cyprus			x
Czech Republic	x	1	x
Denmark	x	1	x
Djibouti			
Dominica			

MEMBER	ARTICLE 15.2	ACCEPTANCE OF THE CODE OF GOOD PRACTICE	ENQUIRY POINTS
Dominican Republic			x
Ecuador		1	
Egypt		1	x
El Salvador			x
European Community	x	3	x
Fiji			x
Finland	x	1	x
France	x	1	x
Gabon			
Gambia			
Germany	x	1	x
Ghana			x
Greece	x		x
Grenada			
Guatemala			
Guinea			
Guinea Bissau			
Guyana			
Haiti			
Honduras			
Hong Kong	x		x
Hungary		1	x
Iceland			x
India		1	x
Indonesia	x	1	x
Ireland	x		x
Israel			x
Italy	x	2	x
Jamaica		1	x
Japan	x	4	x
Kenya		1	x
Korea			x
Kuwait			
Lesotho			

MEMBER	ARTICLE 15.2	ACCEPTANCE OF THE CODE OF GOOD PRACTICE	ENQUIRY POINTS
Liechtenstein			
Luxembourg	x		x
Macau			x
Madagascar			
Malawi			x
Malaysia	x	1	x
Maldives			
Mali			
Malta			
Mauritania			
Mauritius			x
Mexico	x		x
Morocco			x
Mozambique			
Myanmar			x
Namibia			
Netherlands	x	1	x
New Zealand	x	1	x
Nicaragua			
Nigeria	x		x
Norway	x	1	x
Pakistan			x
Papua New Guinea			
Paraguay			
Peru		1	x
Philippines	x	1	x
Poland		1	
Portugal	x		x
Qatar			
Romania	x	1	x
Rwanda			
Saint Kitts and Nevis			
Saint Lucia			

MEMBER	ARTICLE 15.2	ACCEPTANCE OF THE CODE OF GOOD PRACTICE	ENQUIRY POINTS
Saint Vincent & the Grenadines			
Senegal		1	
Sierra Leone			
Singapore	x	1	x
Slovak Republic	x	1	x
Slovenia	x	1	x
Solomon Islands			
South Africa		1	x
Spain	x	1	x
Sri Lanka			x
Suriname			
Swaziland			
Sweden	x	9	x
Switzerland	x	3	x
Tanzania			x
Thailand		1	x
Togo			
Trinidad and Tobago		1	x
Tunisia	x	1	x
Turkey		1	x
Uganda	x		x
United Arab Emirates			
United Kindgom	x		x
United States	x		x
Uruguay			
Venezuela		1	
Zambia			x
Zimbabwe		1	x
Total	**42**	**60**	**73**

SECTION VIII

REPORT OF THE COMMITTEE ON ANTI-DUMPING PRACTICES

WORLD TRADE ORGANIZATION

G/L/123
29 October 1996

(96-4499)

Committee on Anti-Dumping Practices

REPORT (1996) OF THE COMMITTEE ON ANTI-DUMPING PRACTICES

I. Organization of the work of the Committee

1. The Agreement on Implementation of Article VI of the General Agreement of Tariffs and Trade (hereinafter "the Agreement") entered into force on 1 January 1995. All Members of the WTO are *ipso facto* members of the Committee on Anti-Dumping Practices established under the Agreement.

2. Observer governments in the General Council of the WTO have Observer status in the Committee. In addition, the Committee invited, on an *ad hoc* basis, representatives of the World Bank, OECD, IMF and UNCTAD to attend meetings of the Committee in an observer capacity. At its regular meeting on 21 October 1996, the Committee took note of the decision of the General Council regarding the status of international organizations as Observers to the WTO and authorized the Chairman to consult informally on which international intergovernmental organizations would be granted observer status in the Committee. Pending the outcome of such consultations, the Committee agreed to continue to invite those organizations which had been following the Committee's meetings on an ad-hoc basis.

3. The focus of this report is on the period since the Committee's last annual report ((G/L/34), that is, 31 October 1995 - 21 October 1996. However, where relevant, information from the previous period is reported. During the period under review, the Committee held four meetings. Regular meetings of the Committee were held on 29 April 1996 and 21 October 1996 (G/ADP/M/7 and M/9 respectively). Special meetings of the Committee to review notifications of legislation were held jointly with the Committee on Subsidies and Countervailing Measures on 4-8 December 1995 and 24-26 April 1996 (G/ADP/M/6 and M/8 respectively).

4. Mr. Mohan Kumar (India) was elected Chairman of the Committee at its first meeting in February 1995, and Mr. John McNab (Canada) was elected Vice-Chairman. The Committee at its meeting of 29 April 1996 elected Mr. Ole Lundby (Norway) as its Chairman, and Mr. Kajit Sukhum (Thailand) as its Vice-Chairman. Pursuant to the Committee's rules of procedure, they took office at the end of that meeting.

II. Notification and examination of anti-dumping laws and/or regulations of Members

5. In the area of anti-dumping, WTO rules are implemented through Members' national legislation. Pursuant to Article 18.5 of the Agreement, as amplified by a decision of the Committee, Members with available legislation and/or regulations regarding anti-dumping duty investigations or reviews covered by the Agreement should notify the full and integrated text of the relevant legislation and/or regulations to the Committee. If such legislation and/or regulations do not exist or are not available, the Member should inform the Committee of this fact, and in the case of non-availability, explain the reasons therefor. These notifications have been treated as unrestricted documents from the outset. In addition, the Committee decided, at its special meeting of 21 February 1995 that Observer governments should provide the Committee with any information the Observer government considers relevant to matters within the

purview of the Agreement, including the text of its laws and regulations regarding anti-dumping duties, and information regarding any anti-dumping measures taken by the Observer government.

6. 84 Members had notified the Committee regarding their domestic anti-dumping legislation.[1] These notifications can be found in document series G/ADP/N/1/…. 40 Members had not, as yet, made any notification under Article 18.5 of the Agreement. Annex A sets out the status of notifications of legislation under Article 18.5 of the Agreement. Of the 84 Members submitting notifications, 17 notified that they had no specific legislation relating to anti-dumping, 31 notified new legislation, and 36 notified pre-WTO legislation still in force. Of the 53 Members notifying no anti-dumping legislation or pre-WTO legislation still in force, 35 indicated that new legislation is being considered or drafted. In addition, 26 Members indicated that the WTO Agreement has force of law in the territory of the Member.

7. During the period under review, the Committee continued the work of reviewing notifications of anti-dumping laws and/or regulations begun in 1995. In addition to the legislations and notifications without legislative text reviewed during the previous period, the Committee reviewed the notifications of anti-dumping legislation of the following Members in two special meetings held jointly with the Committee on Subsidies and Countervailing Measures: Barbados, Bolivia, Colombia, Costa Rica, Cuba, Ecuador, Iceland, Israel, Jamaica, Japan, Malawi, Malaysia, Norway, Philippines, Romania, Saint Lucia, Slovenia, South Africa, Thailand, Trinidad & Tobago, Tunisia, Turkey, and Zambia. The Committee also reviewed the notifications without legislative text of the following Members: Botswana, Cyprus, Dominican Republic, El Salvador, Guatemala, Republic of Guinea, Honduras, Hong Kong, Indonesia, Macau, Maldives, Malta, Morocco, Nicaragua, Pakistan, Paraguay, Poland, Sri Lanka, Suriname, Turkey, Uganda, and Zimbabwe. The substance of the review is reflected in the written questions put to Members, and their written answers. References to these questions and answers can be found in the minutes of the joint special meetings to review legislation, G/ADP/M/6 and Suppl.1 and M/8. References to the questions and answers for the legislative review meetings held during 1995 can be found in the minutes of the relevant meetings, G/ADP/M/3 and Suppl.1, and G/ADP/M/4 and Suppl.1.

8. As of the end of April 1996, the Committee had conducted an initial review of all notifications received to date that had been circulated to Members in time to allow preparation for the review sessions. Four special meetings to review legislation have been held jointly with the Committee on Subsidies and Countervailing Measures since July 1995. At its special meeting in December 1995, the Committee decided that for the immediate future, joint special meetings to review legislation were no longer needed, and the review of legislation, both newly notified and previously reviewed, would take place in the context of regular Committee meetings. The Committee adopted procedures for the continued review of legislation (G/ADP/W/284), based primarily on a process of written questions and answers, to facilitate productive discussions during the continued review of legislations. Review of new and amended legislations would follow the same procedures used during the joint special meetings to review legislation. References to the questions and answers submitted regarding continued review of notifications of legislation can be found in the minutes of the regular meeting of the Committee, G/ADP/M/9.

9. As of the end of the period under review, a significant number of written questions put to Members during the course of the legislative review meetings remained unanswered. Nonetheless, the Chairman had expressed satisfaction with the progress that had been made during the meetings. Questions put to Members ranged from those regarding general, policy matters to very specific and highly technical questions of national administration of anti-dumping measures. Among the concerns raised by Members were perceived inconsistencies between the Agreement and both newly-enacted legislation and legislation enacted prior to the entry into force of the Agreement. In addition, Members expressed concern regarding the potential for actions inconsistent with the Agreement if such actions are based on legislation enacted

[1]The EC is counted as 16 Members.

prior to the entry into force of the Agreement. Another concern was the complexity of the procedural and substantive requirements of the Agreement, and the need for significant training and education, particularly for new users of anti-dumping measures and developing countries, to ensure that actions were taken consistently with the Agreement.

III. Semi-annual reports on anti-dumping actions taken by Members

10. Article 16.4 of the Agreement provides that Members shall submit, on a semi-annual basis, reports on anti-dumping duty actions taken within the preceding six months. Pursuant to the recommendation of the Informal Contact Group (PC/IPL/11, Annex 7), which was adopted by the Committee at its 21 February meeting (G/ADP/M/1, paras. 21-22), the first semi-annual report submitted by each WTO Member would cover the period July-December or January-June, whichever was more recent, preceding the date of entry into force of the WTO Agreement for that Member. In addition, Members taking no action during a given period are requested to so notify the Committee.

11. Guidelines for information to be provided in semi-annual reports submitted pursuant to Article 16.4 are contained in document G/ADP/1. Submission of semi-annual reports by Members known to be users of anti-dumping measures has improved since early 1995. A significant number of Members have never filed a semi-annual report, however. While many if not most of these Members are believed not to be users of anti-dumping measures, in the absence of semi-annual reports, the situation remains uncertain. The Committee reviewed the notifications of action for the periods 1 July-31 December 1995 and 1 January-30 June 1996 at its regular meetings in April and October. In addition to specific questions raised concerning the actions taken by Members, concern was expressed over the lack of notifications, and the fact that notifications often did not follow the format set forth in the guidelines. The comments of Members are reflected in the minutes of the regular meetings, G/ADP/M/7 and M/9.

12. **Semi-annual reports for the period 1 July-31 December 1995**. 33 of 107 Members[2] subject to the obligation to submit reports for this period (31 per cent) had notified the Committee that they had not taken any anti-dumping actions during this period. Semi-annual reports of actions taken during this period were received from 22 Members (21 per cent). No semi-annual report was received from 52 Members (48 per cent). The semi-annual reports have been circulated in document series G/ADP/N/9/…, and the status of semi-annual reports received was circulated in document G/ADP/N/9/Add.1/Rev.2, and is set out in Annex B.

13. **Semi-annual reports for the period 1 January-30 June 1996**. 27 of 109 Members[2] subject to the obligation to submit reports for this period (25 per cent) had notified the Committee that they had not taken any anti-dumping actions during this period. Semi-annual reports of actions taken during this period were received from 19 Members (17 per cent). No semi-annual report was received from 63 Members (58 per cent). The semi-annual reports have been circulated in document series G/ADP/N/16/…, and the status of semi-annual reports received was circulated in document G/ADP/N/16/Add.1, and is set out in Annex B.

14. A Table summarising anti-dumping actions taken by Members during the period 1 July 1995 - 30 June 1996 is reproduced in Annex C to this report.

IV. Reports on all preliminary or final anti-dumping actions

[2]The EC is counted as 1 Member.

15. Pursuant to Article 16.4 of the Agreement, Members are to report without delay to the Committee all preliminary and final anti-dumping actions taken. Guidelines for the information to be contained in these reports are set forth in G/ADP/2. Reports of preliminary and final anti-dumping actions during the period under consideration had been received from Argentina, Australia, Canada, the European Communities, Guatemala, Korea, Malaysia, Mexico, New Zealand, Peru, South Africa, Turkey, the United States, and Venezuela. (G/ADP/N/7, N/8, N/10, N/11, N/12, N/13, N/15, N/17, N/18, and N/19). While such reports are regularly submitted by some users of anti-dumping measures, a number of Members known to have taken preliminary and final actions, including some who have filed semi-annual reports regarding their actions, have not reported those actions without delay to the Committee. The Committee reviewed the notifications of preliminary and final actions at its regular meetings in April and October. In addition to specific questions raised concerning the actions taken by Members, concern was expressed over the lack of notifications from numerous members. The comments of Members are reflected in the minutes of the regular meetings, G/ADP/M/7 and M/9.

V. Other matters discussed by the Committee

16. **Rules of Procedure**: At its regular meeting in April, the Committee adopted Rules of Procedure (G/ADP/4), based on the Rules of the General Council and of the Council for Trade in Goods, and incorporating relevant changes to make them applicable to the Committee. The Council for Trade in Goods subsequently approved the Committee's Rules of Procedure at its meeting of 22 May 1996.

17. **Notification of Competent Authorities**: At its regular meeting in April, the Committee decided to request Members to notify the name, address, telephone and fax number, and electronic mail address where available, of their authorities competent to initiate and conduct anti-dumping investigations. This notification would be made once, subject to updating or correcting notifications should the relevant information of any Member change. The list containing the information notified by Members is maintained by the Secretariat and circulated in addenda to document G/ADP/N/14. The following Members had notified relevant information to the Secretariat: Argentina, Australia, Bolivia, Brazil, Canada, Chile, EC, Guatemala, Hong Kong, Hungary, Iceland, Israel, Jamaica, Kenya, Korea, Mauritius, Mexico, New Zealand, Norway, Peru, Romania, Singapore, Slovenia, Switzerland, Thailand, Turkey, Uganda, United States, Venezuela, and Zambia (G/ADP/N/14/Add.3). At the Committee's regular meeting in October, it was proposed that the Committee ask Members to notify, separately from their notifications of legislation and/or regulations, their domestic procedures for the conduct of anti-dumping investigations.

18. **Ad Hoc Group on Implementation**: At its regular meeting in April, the Committee decided to establish an Ad Hoc Group on Implementation, to prepare recommendations to the Committee on issues where agreement seems possible. In addition, the Ad Hoc Group could consider other issues regarding implementation on which Members believe discussions would be helpful, and report to the Committee. Members were requested to submit proposals for items the Group could discuss to the Secretariat. The Secretariat circulated the suggestions received in document G/ADP/W/399. At an informal meeting on 1 October 1996, Members considered those suggestions, and generally agreed on a group of topics that might appropriately be referred by the Committee to the Ad Hoc Group for consideration at this time. In addition, Members considered favourably a proposal that the work of the Ad Hoc Group proceed by discussing in the order received, written papers and proposals submitted by any Member on any topic referred to the Group. It was also considered that the Ad Hoc Group could discuss more than one topic at a given meeting, provided that proposals had been made by Members. The Ad Hoc Group could make recommendations to the Committee on the topics referred to it. At its regular meeting in October, the Committee decided on a group of topics that it referred to the Ad Hoc Group for discussion and consideration of possible recommendations to the Committee.

19. **Procedures for preparation and adoption of Annual Report**: At its regular meeting in April, the Committee considered the procedures for the preparation and adoption of its annual report adopted

at its first meeting in February 1995, in light of suggestions from the Chairman of the General Council. The Committee decided that the Secretariat should prepare a draft report in the same format as had been used in the previous year's report, incorporating from that report those aspects of implementation that would help explain the progress that the Committee had made. The Secretariat was also directed to draft a short section on anti-circumvention, reporting on what the Committee had done and on the informal consultations during the year. The draft report would be circulated to Members at the end of September or in early October, at which time the Committee would have to decide whether it should meet informally in advance of the regular October meeting to discuss any additional matters for inclusion in the report.

VI. Anti-Circumvention

20. At its meeting on 30 October 1995, the Committee had authorized the Chairman to engage in informal consultations with a view to reporting back to the Committee at its meeting in December on how the Committee is going to respond to the Ministerial Decision, including terms of reference and procedural issues. The Chairman held such informal consultations on 21 November 1995. A substantial number of Members took part, and the discussion focused on the matters regarding how the discussions should proceed.

21. Based on the Chairman's report regarding the informal consultations, presented to the Committee at its special meeting in December 1995, the Committee authorized him to continue to consult informally on the task set for the Committee by the Ministerial Decision on Anti-Circumvention. The Chairman noted that Members might, in the first informal consultations, wish to discuss the course the informal consultations should take and the major topics that should be considered. Among the examples mentioned in informal consultations were the scope of the issue of anti-circumvention and whether circumvention can be dealt with through existing mechanisms under the Agreement. The Chairman further stated that the informal consultations would be, of course, open to any interested Member, and without prejudice to any Member's rights and obligations under the Agreement, or to any Member's raising anti-circumvention during meetings of the Committee, and undertook to inform the Committee periodically on developments in these informal consultations. The Chairman also suggested that, if any Member had specific issues it believed should be discussed during the first informal consultations, they might submit their suggestions to the Chairman, who would undertake to communicate these ideas to interested Members in advance of the first informal consultations, since they might help focus initial discussions.

22. Several delegations submitted suggestions concerning the framework for the informal consultations, and topics to be discussed. Further informal consultations were held 7 March 1996. Again, the discussion focused principally on the question of the framework for continued informal consultations, including a proposal made by the Chairman, but no agreement was reached. Additional papers on a proposed framework for continued discussions were presented during another round of informal consultations on 30 April 1996. Several Members made proposals, as did the Chairman, but no consensus was achieved on the framework for continued discussions. The Chairman continued to consult with delegations in an attempt to find a basis for agreement on a framework for continued discussions, and invited interested Members to further informal consultations following the Committee's regular meeting in October.

VII. Concluding observations

23. The Committee considered that, in general, good progress had been made in the first two years in implementing the Agreement. However, the Committee considered that much remained to be done, and that additional efforts from Members were required in order to achieve full implementation of the Agreement.

24. The Committee observed that one of its major tasks during the first two years of the Agreement had been to review the domestic anti-dumping legislations notified by Members. The review exercise indicated that implementation in this regard was less than complete. Not all Members that are current or potential users of anti-dumping measures had completed the domestic legislative processes to incorporate the relevant requirements of the Agreement. Thus, further efforts were required in order to ensure substantive implementation of the Agreement. In addition, during the meetings to review notifications of legislation, a variety of issues regarding the WTO-consistency of notified legislations were raised. The meetings provided Members with an opportunity to seek clarification of issues arising out of other Members' legislation. Generally, Members were able to clarify the issues raised. Both Members notifying legislation and those submitting questions generally found the process helpful and wished to continue this work in the Committee. The Committee thought it extremely important that Members carefully consider all questions posed, comments made and replies provided in the context of these review sessions.

25. In addition, the Committee considered that further efforts were required in order that all Members submitted complete notifications of anti-dumping actions taken and semi-annual reports on a timely basis. Full transparency was essential to ensure surveillance and monitoring of the implementation of the Agreement. While the achievement of this goal depended primarily on the efforts of individual Members, the Committee could examine steps that might be taken to improve compliance by, *inter alia*, informing concerned governments of compliance problems, and assisting developing country Members to meet their notification obligations.

26. The Committee noted that the procedural and substantive requirements of the new Agreement were detailed, and that its implementation required substantial expertise and the commitment of substantial resources by Members. The Ad Hoc Group on Implementation had been created to discuss, and if possible make recommendations to the Committee on, issues concerning the implementation of the Agreement. The Committee considered that maximum efforts should be made to assist Members, and in particular developing country Members, to achieve full implementation of the Agreement.

27. The Committee observed that discussions with respect to the Ministerial Decision on Anti-Circumvention would continue.

ANNEX A
ANTI-DUMPING LEGISLATION NOTIFICATIONS

MEMBER	NOTIFICATION PROVIDED
Antigua and Barbuda	
Argentina	G/ADP/N/1/ARG/1 + Suppl.1
Australia	G/ADP/N/1/AUS/1 + Suppl.1
Bahrain	
Bangladesh	
Barbados	G/ADP/N/1/BRB/1
Belize	
Benin	
Bolivia	G/ADP/N/1/BOL/1 + Suppl.1
Botswana	G/ADP/N/1/BWA/1
Brazil	G/ADP/N/1/BRA/1 + Suppl.1
Brunei Darussalam	
Burkina Faso	
Burundi	
Cameroon	
Canada	G/ADP/N/1/CAN/2
Central African Republic	
Chad	
Chile	G/ADP/N/1/CHL/1
Colombia	G/ADP/N/1/COL/1
Costa Rica	G/ADP/N/1/CRI/1
Côte d'Ivoire	G/ADP/N/1/CIV/1
Cuba	G/ADP/N/1/CUB/1 + Suppl.1
Cyprus	G/ADP/N/1/CYP/2
Czech Republic	G/ADP/N/1/CZE/1
Djibouti	
Dominica	
Dominican Republic	G/ADP/N/1/DOM/2
European Communities[3]	G/ADP/N/1/EEC/2 + Corr.1

[3]The EC is counted as 16 Members.

Ecuador	G/ADP/N/1/ECU/1
Egypt	G/ADP/N/1/EGY/1
El Salvador	G/ADP/N/1/SLV/1
Fiji	
Gabon	
Ghana	
Grenada	
Guatemala	G/ADP/N/1/GTM/2
Guinea Bissau	
Guinea, Republic of	G/ADP/N/1/GIN/1
Guyana	
Haiti	
Honduras	G/ADP/N/1/HND/2
Hong Kong	G/ADP/N/1/HKG/1
Hungary	G/ADP/N/1/HUN/1
Iceland	G/ADP/N/1/ISL/1
India	G/ADP/N/1/IND/2 + Corr.1 + Suppl.1
Indonesia	G/ADP/N/1/IDN/2
Israel	G/ADP/N/1/ISR/2
Jamaica	G/ADP/N/1/JAM/1
Japan	G/ADP/N/1/JPN/2 + Corr.1 & 2 + Suppl.1
Kenya	G/ADP/N/1/KEN/1
Korea	G/ADP/N/1/KOR/1 + Corr.1 & 2
Kuwait	
Lesotho	
Liechtenstein	
Macau	G/ADP/N/1/MAC/1
Madagascar	
Malawi	G/ADP/N/1/MWI/1 + Corr.1
Malaysia	G/ADP/N/1/MYS/1

Maldives	G/ADP/N/1/MDV/1
Mali	
Malta	G/ADP/N/1/MLT/1
Mauritania	
Mauritius	G/ADP/N/1/MUS/2
Mexico	G/ADP/N/1/MEX/1 + Corr.1 & 2
Morocco	G/ADP/N/1/MAR/1
Mozambique	
Myanmar	
Namibia	
New Zealand	G/ADP/N/1/NZL/2
Nicaragua	G/ADP/N/1/NIC/1
Nigeria	
Norway	G/ADP/N/1/NOR/3
Pakistan	G/ADP/N/1/PAK/1
Papua New Guinea	
Paraguay	G/ADP/N/1/PRY/1
Peru	G/ADP/N/1/PER/1 + Suppl.1 + Corr.1
Philippines	G/ADP/N/1/PHL/1
Poland	G/ADP/N/1/POL/1
Qatar	
Romania	G/ADP/N/1/ROM/1
Rwanda	
Saint Kitts & Nevis	
Saint Lucia	G/ADP/N/1/LCA/1
Saint Vincent & Grenadines	
Senegal	G/ADP/N/1/SEN/1
Sierra Leone	
Singapore	G/ADP/N/1/SGP/1
Slovak Republic	G/ADP/N/1/SVK/1
Slovenia	G/ADP/N/1/SVN/1

Solomon Islands	
South Africa	G/ADP/N/1/ZAF/1
Sri Lanka	G/ADP/N/1/LKA/1
Suriname	G/ADP/N/1/SUR/1
Swaziland	G/ADP/N/1/SWZ/1
Switzerland	G/ADP/N/1/CHE/1
Tanzania	
Thailand	G/ADP/N/1/THA/2 + Corr.1
Togo	
Trinidad and Tobago	G/ADP/N/1/TTO/1 + Corr.1
Tunisia	G/ADP/N/1/TUN/1
Turkey	G/ADP/N/1/TUR/2
Uganda	G/ADP/N/UGA/2
United Arab Emirates	
United States	G/ADP/N/1/USA/1 + Corr.1 + Suppl.1
Uruguay	G/ADP/N/1/URY/2
Venezuela	G/ADP/N/1/VEN/1 + Suppl.1 & 2
Zambia	G/ADP/N/1/ZMB/1
Zimbabwe	G/ADP/N/1/ZWE/2

ANNEX B
SEMI-ANNUAL REPORTS

Key: X = Semi-annual report of actions taken submitted
N = Report of no actions taken submitted
not applicable = obligation did not apply to Member for that period
blank = No report submitted

MEMBER	1 July - 31 December 1995	1 January - 30 June 1996
Antigua and Barbuda		
Argentina	X	X
Australia	X	X
Bahrain		
Bangladesh		
Barbados	N	
Belize		
Benin		
Bolivia	N	
Botswana		
Brazil	X	X
Brunei Darussalam		
Burkina Faso		
Burundi		
Cameroon		
Canada	X	X
Central African Republic		
Chad	not applicable	
Chile	X	X
Colombia	X	X
Costa Rica	N	
Côte d'Ivoire		
Cuba	N	N
Cyprus	N	N
Czech Republic	N	N

MEMBER	1 July - 31 December 1995	1 January - 30 June 1996
Djibouti		
Dominica		
Dominican Republic	N	N
European Communities[4]	X	X
Ecuador		
Egypt	N	N
El Salvador		
Fiji		
Gabon		
Ghana		
Grenada		
Guatemala	N	X
Guinea Bissau		
Guinea, Republic of		
Guyana		
Haiti		
Honduras	N	N
Hong Kong	N	N
Hungary	N	N
Iceland	N	N
India	X	X
Indonesia		N
Israel	X	X
Jamaica	N	
Japan	X	X
Kenya		
Korea	X	X
Kuwait		N

[4]The EC is counted as 1 Member.

MEMBER	1 July - 31 December 1995	1 January - 30 June 1996
Lesotho		
Liechtenstein		
Macau		
Madagascar		
Malawi		
Malaysia	X	X
Maldives		
Mali		
Malta	N	N
Mauritania		
Mauritius	N	
Mexico	X	X
Morocco	N	N
Mozambique		
Myanmar		
Namibia		
New Zealand	X	X
Nicaragua		
Nigeria		
Norway	N	N
Pakistan		
Papua New Guinea		
Paraguay	N	N
Peru	X	X
Philippines	X	N
Poland	N	
Qatar		
Romania	N	N
Rwanda		
Saint Kitts & Nevis		
Saint Lucia	N	

MEMBER	1 July - 31 December 1995	1 January - 30 June 1996
Saint Vincent & Grenadines		
Senegal	N	N
Sierra Leone		
Singapore	X	N
Slovak Republic	N	N
Slovenia	N	N
Solomon Islands	not applicable	
South Africa	X	
Sri Lanka	N	N
Suriname		
Swaziland	N	
Switzerland	N	N
Tanzania		
Thailand	X	N
Togo		
Trinidad and Tobago		
Tunisia	N	
Turkey	X	X
Uganda		N
United Arab Emirates		N
United States	X	X
Uruguay	N	N
Venezuela	X	X
Zambia	N	
Zimbabwe	N	

ANNEX C [5]
Summary of Anti-Dumping Actions
(1 July 1995-30 June 1996)

Initiation				Provisional Measures (negative preliminary determinations not included)				Definitive Duties (negative determinations not included)				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[6] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	ARGENTINA															
42	BRA(10)	CHL(2)	CHN(8)	0	NONE			21	BRA(4)	CHN(6)	CHT(2)	0	NONE			28
	CHT(1)	DEU(3)	ESP(1)						CZE(1)	DEU(1)	HKG(1)					
	FRA(1)	KOR(1)	NLD(6)						HUN(1)	IND(1)	JPN(1)					
	URY(1)	USA(5)	ZAF(3)						KOR(1)	POL(1)	VEN(1)					
	AUSTRALIA															
8	CHN(1)	GBR(1)	KOR(2)	2	THA(1)	USA(1)		1	CHN(1)			0	NONE			86
	MYS(1)	THA(1)	USA(1)													
	ZAF(1)															

[5]Includes actions covered by the Tokyo Round Agreement, the WTO Agreement, and Article VI of GATT 1947.

[6]"Countries" refers in all cases to countries or customs territories. A list of the abbreviations used in this table can be found following the table.

Initiation				Provisional Measures (negative preliminary determinations not included)				Definitive Duties (negative determinations not included)				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[6] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	BRAZIL															
1	CHN(1)			3	CHN(3)			9	BIH(1)	CHN(3)	HRV(1)	0	NONE			20
									IND(1)	MKD(1)	SVN(1)					
									YUG(1)							
	CANADA															
6	BRA(1)	CHN(1)	GBR(1)	12	BRA(1)	CHN(1)	DEU(1)	6	DEU(1)	DNK(1)	GBR(1)	0	NONE			96
	IDN(1)	ITA(1)	USA(1)		DNK(1)	GBR(2)	IDN(1)		NLD(1)	USA(2)						
					ITA(1)	KOR(1)	NLD(1)									
					USA(2)											
	CHILE															
4	BRA(2)	NZL(1)	USA(1)	0	NONE			0	NONE			0	NONE			0
	COLOMBIA															
5	CHN(1)	KOR(4)		1	CHN(1)			0	NONE			0	NONE			7

Initiation				Provisional Measures (negative preliminary determinations not included)				Definitive Duties (negative determinations not included)				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[6] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	EUROPEAN COMMUNITY															
16	CHN(6)	CZE(1)	EGY(1)	23	BLR(1)	CHN(6)	HRV(1)	25	BRA(1)	CHN(6)	CZE(1)	6	CZE(1)	HRV(1)	RUS(1)	76
	HUN(1)	IDN(1)	IND(2)		IDN(2)	KOR(1)	MEX(1)		HRV(1)	IDN(1)	KOR(1)		THA(1)	UKR(1)	ZAF(1)	
	MYS(1)	PAK(1)	POL(1)		MYS(3)	RUS(2)	THA(4)		MEX(1)	MYS(3)	RUS(3)					
	TUR(1)				UKR(1)	USA(1)			THA(3)	UKR(1)	USA(2)					
									ZAF(1)							
	GUATEMALA															
1	MEX(1)			0	NONE			0	NONE			0	NONE			Info not available
	INDIA															
5	CHN(2)	DEU(1)	KOR(1)	0	NONE			7	BRA(1)	CHN(4)	JPN(1)	0	NONE			8[7]
	USA(1)								RUS(1)							

[7]As of 31 December 1995.

Initiation				Provisional Measures (negative preliminary determinations not included)				Definitive Duties (negative determinations not included)				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[6] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	ISRAEL															
4	DEU(1)	ESP(1)	ITA(1)	1	ESP(1)			0	NONE			0	NONE			Info not available
	USA(1)															
	JAPAN															
0	NONE			0	NONE			1	PAK(1)			0	NONE			3
	KOREA															
6	CHN(1)	JPN(2)	USA(3)	0	NONE			0	NONE			0	NONE			8
	MALAYSIA															
0	NONE			2	KOR(1)	THA(1)		2	KOR(1)	THA(1)		0	NONE			0

Initiation				Provisional Measures (negative preliminary determinations not included)				Definitive Duties (negative determinations not included)				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[6] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	MEXICO															
3	CHN(1)	CHT(1)	USA(1)	1	BRA(1)			20	BRA(6)	CAN(2)	CHN(1)	3	VEN(3)			61
									DEU(1)	IND(1)	JPN(1)					
									NLD(1)	RUS(1)	USA(3)					
									VEN(3)							
	NEW ZEALAND															
9	CAN(1)	GBR(1)	IDN(1)	2	CHT(1)	KOR(1)		3	CHT(1)	GBR(1)	THA(1)	0	NONE			26
	KOR(1)	THA(3)	ZAF(2)													
	PERU															
4	CHL(1)	CHN(2)	MEX(1)	1	CHN(1)			2	CHN(2)			0	NONE			2
	PHILIPPINES[8]															
0	NONE			2	CHT(1)	IDN(1)		0	NONE			0	NONE			Info not available
	SINGAPORE															
0	NONE			0	NONE			2	MYS(1)	TUR(1)		0	NONE			2

[8]The Philippines did not submit a report for the period 1 January - 30 June 1996, Hence, the figures reflect only actions taken during the period 1 July - 31 December 1995.

Initiation				Provisional Measures (negative preliminary determinations not included)				Definitive Duties (negative determinations not included)				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[6] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	SOUTH AFRICA[9]															
14	BEL(1)	CHN(1)	DEU(1)	6	BEL(1)*	CHT(2)	FRA(1)	0	NONE			0	NONE			15
	EGY(1)	ESP(1)	FRA(1)		IND(1)*	ITA(1)										
	GBR(2)	HKG(1)	HUN(1)													
	IND(2)	TUR(1)	ZWE(1)													
	THAILAND															
0	NONE			0	NONE			0	NONE			0	NONE			1

[9]South Africa did not submit a report for the period 1 January-30 June 1996. Hence, the figures reflect only actions during the period 1 July - 31 December 1995, except for those marked *, which were taken after 1 January 1996, but reported for the previous period.

Initiation				Provisional Measures (negative preliminary determinations not included)				Definitive Duties (negative determinations not included)				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[6] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	TURKEY															
0	NONE			0	NONE			0	NONE			0	NONE			38
	UNITED STATES															
16	CHN(3)	CHT(1)	DEU(1)	13	CHN(3)	CHT(1)	DEU(2)	17	BRA(1)	CHN(7)	CHT(1)	0	NONE			294
	GBR(1)	IDN(1)	JPN(4)		GBR(1)	ITA(1)	JPN(3)		DEU(1)	ITA(1)	JPN(2)					
	KAZ(1)	MEX(2)	TUR(1)		ROM(1)	TUR(1)	ZAF(1)		ROM(1)	THA(1)	TUR(1)					
									ZAF(1)							
	VENEZUELA															
5	ARG(1)	CHN(2)	MEX(1)	1	PER(1)			0	NONE			0	NONE			4
	PER(1)															

LIST OF ABBREVIATIONS USED IN ANNEX C

AFG	AFGHANISTAN
ALB	ALBANIA
DZA	ALGERIA
ATG	ANTIGUA AND BARBUDA
ARG	ARGENTINA
ARM	ARMENIA
AUS	AUSTRALIA
AUT	AUSTRIA
AZE	AZERBAIJAN
BHS	BAHAMAS
BHR	BAHRAIN
BGD	BANGLADESH
BRB	BARBADOS
BLR	BELARUS
BEL	BELGIUM
BLZ	BELIZE
BEN	BENIN
BMU	BERMUDA
BOL	BOLIVIA
BIH	BOSNIA-HERZEGOVINA
BWA	BOTSWANA
BRA	BRAZIL
BRN	BRUNEI DARUSSALAM
BGR	BULGARIA
BFA	BURKINA FASO
BUR	BURUNDI
CMR	CAMEROON
CAN	CANADA
CAF	CENTRAL AFRICAN REPUBLIC
TCD	CHAD
CHL	CHILE
CHN	CHINA
CHT	CHINESE TAIPEI
COG	CONGO, REPUBLIC
COL	COLOMBIA
CRI	COSTA RICA
CIV	COTE D'IVOIRE
HRV	CROATIA
CUB	CUBA
CYP	CYPRUS
CZE	CZECH REPUBLIC
DNK	DENMARK
DJI	DJIBOUTI
DMA	DOMINICA
DOM	DOMINICAN REPUBLIC
EEC	EUROPEAN COMMUNITY
ECU	ECUADOR
EGY	EGYPT
SLV	EL SALVADOR
EST	ESTONIA
FJI	FIJI
FIN	FINLAND
FRA	FRANCE
MKD	FORMER YUGOSLAV REPUBLIC OF MACEDONIA
GAB	GABON
GMB	GAMBIA
GEO	GEORGIA
DEU	GERMANY
GHA	GHANA
GRC	GREECE
GRD	GRENADA
GTM	GUATEMALA
GNB	GUINEA-BISSAU
GIN	GUINEA, REP. OF
GUY	GUYANA
HTI	HAITI
HND	HONDURAS
HKG	HONG KONG
HUN	HUNGARY
ISL	ICELAND
IND	INDIA
IDN	INDONESIA
IRN	IRAN
IRQ	IRAQ
IRL	IRELAND
ISR	ISRAEL
ITA	ITALY
JAM	JAMAICA
JPN	JAPAN
JOR	JORDAN
KAZ	KAZAKHSTAN
KEN	KENYA
KOR	KOREA
KWT	KUWAIT
KGZ	KYRGYZSTAN
LVA	LATVIA
LBN	LEBANON
LSO	LESOTHO
LIE	LIECHTENSTEIN
LTU	LITHUANIA
LUX	LUXEMBOURG
MAC	MACAU
MDG	MADAGASCAR
MWI	MALAWI
MYS	MALAYSIA
MDV	MALDIVES
MLI	MALI
MLT	MALTA
MRT	MAURITANIA
MUS	MAURITIUS
MEX	MEXICO
MDA	MOLDOVA, REP. OF
MNG	MONGOLIA
MAR	MOROCCO
MOZ	MOZAMBIQUE
NAM	NAMIBIA
NLD	NETHLANDS
NZL	NEW ZEALAND
NIC	NICARAGUA
NER	NIGER
NGA	NIGERIA
NOR	NORWAY
OMN	OMAN
PAK	PAKISTAN
PAN	PANAMA
PNG	PAPUA NEW GUINEA
PRY	PARAGUAY
PER	PERU
PHL	PHILIPPINES
POL	POLAND
PRT	PORTUGAL
PRI	PUERTO RICO
QUT	QATAR
ROM	ROMANIA
RUS	RUSSIAN FEDERATION
RWA	RWANDA
KNA	SAINT KITTS & NEVIS
LCA	SAINT LUCIA
SAU	SAUDI ARABIA
SEN	SENEGAL
SYC	SEYCHELLES
SLE	SIERRA LEONE
SGP	SINGAPORE
SVK	SLOVAK REPUBLIC
SVN	SLOVENIA
ZAF	SOUTH AFRICA
ESP	SPAIN
LKA	SRI LANKA
VCT	SAINT VINCENT & GRENADINES
SDN	SUDAN
SUR	SURINAME
SWE	SWEDEN
CHE	SWITZERLAND
TJK	TAJIKISTAN
TZA	TANZANIA
THA	THAILAND
TGO	TOGO
TTO	TRINIDAD & TOBAGO
TUN	TUNISIA
TUR	TURKEY
TKM	TURKMENISTAN
UGA	UGANDA
UKR	UKRAINE
ARE	UNITED ARAB EMIRATES
GBR	UNITED KINGDOM
USA	UNITED STATES
URY	URUGUAY
UZB	UZBEKISTAN
VUT	VANUATU
VEN	VENEZUELA
VNM	VIET NAM
ZAR	ZAIRE
ZMB	ZAMBIA
ZWE	ZIMBABWE

SECTION IX

REPORT BY THE COMMITEE ON AGRICULTURE ON THE MARRAKESH MINISTERIAL DECISION ON MEASURES CONCERNING THE POSSIBLE NEGATIVE EFFECTS OF THE REFORM PROGRAMME ON LEAST-DEVELOPED AND NET FOOD-IMPORTING COUNTRIES

WORLD TRADE ORGANIZATION

G/L/125
24 October 1996

(96-4471)

REPORT BY THE COMMITTEE ON AGRICULTURE ON THE MARRAKESH MINISTERIAL DECISION ON MEASURES CONCERNING THE POSSIBLE NEGATIVE EFFECTS OF THE REFORM PROGRAMME ON LEAST-DEVELOPED AND NET FOOD-IMPORTING DEVELOPING COUNTRIES

Report for the Singapore Ministerial Conference adopted by the Committee on Agriculture on 24 October 1996

* * *

I. Introduction

1. The Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries ("the Decision") was adopted by Ministers at Marrakesh as an integral part of the Uruguay Round outcome. A copy of the Decision … is annexed to this report.

2. While recognizing that implementation of the results of the Uruguay Round as a whole would benefit all participants, the Decision also recognizes that during the reform programme leading to greater liberalization of trade in agriculture least-developed and net food-importing developing countries may experience negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources on reasonable terms and conditions, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs. The Decision accordingly establishes mechanisms which provide for: (i) review of the level of food aid and the initiation of negotiations in the appropriate forum to establish a level of food aid commitments sufficient to meet the legitimate needs of developing countries during the reform programme; (ii) the adoption of guidelines on concessionality; (iii) financial and technical assistance under aid programmes to improve agricultural productivity and infrastructure; and (iv) differential treatment in the context of an agreement to be negotiated on agricultural export credits. The Decision also takes into account the question of access to the resources of international financial institutions under existing facilities, or such facilities as may be established, in order to address short-term difficulties in financing normal levels of commercial imports.

3. Article 16:1 of the Agreement on Agriculture ("the Agreement") provides that developed country Members of the WTO shall take such action as is provided for within the framework of the Decision, with provision being made in Article 16:2 for the Committee on Agriculture to monitor, as appropriate, the follow-up to the Decision. In line with its terms of reference (WT/L/43) the Committee is charged more generally with overseeing implementation and affording Members the opportunity for consulting on any matter relating to the implementation of the provisions of the Agreement, including Article 16.

4. In terms of paragraph 6 thereof, the Decision is subject to regular review by the WTO Ministerial Conference. The Committee's working procedures (G/AG/1, para. 18) require the Committee to prepare a report on the follow-up to the Decision for the purposes of this review. The present report is therefore submitted for consideration by the Ministerial Conference, in accordance with the reporting

procedures for the Singapore Ministerial Conference (WT/L/145), as a basis for its review of the provisions of the Decision.

5. Section II of this report summarizes the procedures established for monitoring the follow-up to the Decision as well as the steps taken by the Committee to assist in making the Decision operational; Section III outlines the follow-up with respect to the action provided for within the framework of the Decision; and Section IV sets out recommendations for consideration by the Ministerial Conference in the context of their review of the provisions of Decision pursuant to paragraph 6 thereof.

II. Procedures for Monitoring the Follow-up to the Decision

6. In terms of the working procedures adopted by the Committee at its first meeting in March 1995, systematic monitoring of the follow-up to the Decision is conducted on an annual basis at the regular November meetings of the Committee. In addition, the working procedures provide that there shall be an opportunity at any regular meeting of the Committee to raise any matter relating to the Decision. In practice questions relating to the implementation of the Decision have been raised at each meeting of the Committee with many of the matters raised being pursued in informal consultations that have led to decisions being taken by the Committee. The main points raised in the course of the Committee's discussions on the Decision are set out in the relevant sections of the Secretariat summary reports on the Committee's meetings (G/AG/R/1 to 6 refer) and are referred to as appropriate in Section III of this report.

7. The monitoring process is structured on contributions by Members generally as well as on the basis of notification requirements relating to actions provided for within the framework of the Decision (G/AG/2, pages 33 and 34 refer). Thus donor Members are required at least annually to submit notifications with respect to the following matters: (i) the quantity of food aid provided to least-developed and net food-importing developing countries; (ii) the proportion of such food aid provided in fully grant form or appropriate concessional terms; and (iii) technical and financial assistance under aid programmes. In addition, any Member may notify other relevant information with respect to actions taken within the framework of the Decision.

8. Since important areas of the action provided for within the framework of the Decision are matters within the competence or operational responsibility of other international organizations, the Committee invited and made provision for the active participation in the monitoring process by observers from the following international organizations: the FAO, the World Food Programme, the OECD, the UNCTAD and the International Grains Council (Food Aid Convention) in respect, inter alia, of food aid, agriculture development and related matters; and the IMF and the World Bank mainly in respect of matters relating to access to the financial resources of these organizations.

9. The first monitoring exercise, which was undertaken at the 20-21 November 1995 meeting of the Committee, was based essentially on contributions by Members and observer international organizations, since at that stage in the implementation process the notifications (which may be based on a calendar, marketing or other annual basis) had not become due. These notifications are now coming on stream and will be taken into account as appropriate in the November 1996 monitoring exercise.

10. The Decision as adopted at Marrakesh described but did not list the countries that were to be covered by the Decision. Following extensive informal consultations on this subject, the Committee at its November 1995 meeting adopted a decision on the establishment of a WTO list of net food-importing developing countries (G/AG/3 refers). This decision was adopted on the understanding that being listed did not as such confer automatic benefits since, under the mechanisms covered by the

Marrakesh Ministerial Decision, donors and international organizations concerned would have a role to play (G/AG/R/4, paragraph 17, refers).

11. The WTO list itself was initially established at the March 1996 meeting of the Committee. In addition to least-developed countries as recognized by the UN Economic and Social Council, the list currently comprises the following sixteen developing country WTO Members which notified their request to be listed and have submitted relevant statistical data regarding their status as net-importers of basic foodstuffs during a representative period: Barbados, Côte d'Ivoire, Dominican Republic, Egypt, Honduras, Jamaica, Kenya, Mauritius, Morocco, Peru, Saint Lucia, Senegal, Sri Lanka, Trinidad and Tobago, Tunisia and Venezuela (G/AG/5/Rev.1 refers). The list is to be reviewed by the Committee at its regular March meetings.

III. Follow-up with respect to the Measures provided for within the Framework of the Decision

Food Aid (subparagraphs 3 (i) and (ii) of the Decision)

12. Paragraph 3 of the Decision specifies certain mechanisms agreed to by Ministers in order to ensure that the implementation of the results of the Uruguay Round on trade in agriculture does not adversely affect the availability of food aid at a level which is sufficient to continue to provide assistance in meeting the food needs of developing countries, especially least-developed and net food-importing developing countries. These mechanisms include agreement by Ministers:

> (i) to review the level of food aid established periodically by the Committee on Food Aid under the Food Aid Convention 1986 and to initiate negotiations in the appropriate forum to establish a level of food aid commitments sufficient to meet the legitimate needs of developing countries during the reform programme;
>
> (ii) to adopt guidelines to ensure that an increasing proportion of basic foodstuffs is provided to least-developed and net food-importing developing countries in fully grant form and/or on appropriate concessional terms in line with Article IV of the Food Aid Convention 1986.

13. At its November 1995 meeting the Committee commissioned a preparatory work programme (G/AG/4 refers) covering subparagraphs 3 (i) and (ii) of the Decision, as well as procedures for the submission of detailed proposals. At its March 1996 meeting the Committee embarked on an examination of, and exchange of views on, issues relating to food aid levels and commitments, as well as on guidelines relating to the concessionality of food aid. For this purpose the Committee had before it a background note (G/AG/W/20), prepared by the Secretariat at the request of the Committee, which indicated that both international food aid commitments and the actual volume of food aid had declined in recent years. Representatives of the FAO, the UN World Food Programme and the International Grains Council/Food Aid Committee contributed to these discussions. As agreed by the Committee at its March 1996 meeting, informal consultations were undertaken on behalf of the Chairman on the implementation of the preparatory work programme.

Technical and Financial Assistance under Aid Programmes to Improve Agricultural Productivity and Infrastructure (Subparagraph 3 (iii) of the Decision)

14. Members of the Committee consider that the follow-up to the Decision in the area of technical and financial assistance under aid programmes would need to be assessed, *inter alia*, in the light of the notifications to be submitted to the Committee in advance of the monitoring exercise to be undertaken at the meeting of the Committee in November this year. In this general context Members recognized that improving agricultural productivity and infrastructure in least-developed and net food-importing developing countries is a fundamentally important objective and that technical and financial assistance

provided under aid programmes has a key role to play in helping to realise this objective. While noting that, given budgetary restraints, account had to be taken of competing priorities and of the relative effectiveness of various forms of assistance, Members agreed that full consideration should continue to be given in the context of their aid programmes to requests for the provision of technical and financial assistance to least-developed and net food-importing developing countries to improve their agricultural productivity and infrastructure.

Differential Treatment in the Context of an Agreement on Agriculture Export Credits (Paragraph 4 of the Decision)

15. Under Article 10:2 of the Agreement, which relates to the prevention of circumvention of export subsidy commitments, Members undertake to "work towards the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes and, after agreement on such disciplines, to provide export credits, export credit guarantees or insurance programmes only in conformity therewith". Further work on the elements of an outline understanding is required. At the appropriate stage the Committee on Agriculture will need to consider how an understanding in this area could be multilateralized within the framework of the Agreement on Agriculture and how the provisions of paragraph 4 of the Decision have been taken into account.

Access to the Resources of International Financial Institutions under Existing Facilities or such Facilities as may be Established (Paragraph 5 of the Decision)

16. Paragraph 5 of the Decision recognizes that as a result of the Uruguay Round certain developing countries may experience short-term difficulties in financing normal levels of commercial imports and that these countries may be eligible to draw on the resources of international financial institutions under existing facilities, or such facilities as may be established, in the context of adjustment programmes, in order to address such financing difficulties. In response to the request made in this regard at the September 1995 meeting of the Committee, the Director-General in his consultations with the Managing Director of the IMF and the President of the World Bank raised a number of questions concerning the respective contributions of the Fund and the Bank to the follow-up under paragraph 5 of the Decision.

17. The responses of the Fund and the Bank to questions concerning the scope for improved conditions of access or facilities for net food-importing developing countries (scope for providing some degree of priority in access to existing facilities and for softening conditionality, prospects for establishing new facilities to assist net food-importers and ways in which the WTO could assist the Fund and the Bank to be more forthcoming in these matters) were presented and discussed in the course of the Committee's November 1995 monitoring exercise. In general, given the range of facilities available, the IMF and the World Bank did not consider that it was necessary, at the present stage, to establish special Uruguay Round-related facilities. Net food-importing developing country Members expressed their disappointment regarding the accessibility of existing facilities and the scope for establishing new Uruguay Round-related facilities at the present stage, particularly in view of the explicit reference by Ministers to such facilities in paragraph 5 of the Decision. The Director-General's specific questions, the Fund's and the Bank's responses thereto and the summary of the Committee's discussions are contained in documents G/AG/W/12 & Add.1 and G/AG/R/4.)

IV. Recommendations for Consideration by the Ministerial Conference

18. In the light of the Committee's discussions on the follow-up to the Decision, the following recommendations are submitted for consideration by the Ministerial Conference in the context of its review of the provisions of the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries:

(i) that, in anticipation of the expiry of the current Food Aid Convention in June 1998 and in preparation for the renegotiation of the Food Aid Convention, action be initiated in 1997 within the framework of the Food Aid Convention, under arrangements for participation by all interested countries and by relevant international organizations as appropriate, to develop recommendations with a view towards establishing a level of food aid commitments, covering as wide a range of donors and donable foodstuffs as possible, which is sufficient to meet the legitimate needs of developing countries during the reform programme. These recommendations should include guidelines to ensure that an increasing proportion of food aid is provided to least-developed and net food-importing developing countries in fully grant form and/or on appropriate concessional terms in line with Article IV of the current Food Aid Convention, as well as means to improve the effectiveness and positive impact of food aid;

(ii) that developed country WTO Members continue to give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least-developed and net food-importing developing countries to improve their agricultural productivity and infrastructure;

(iii) that the provisions of paragraph 4 of the Marrakesh Ministerial Decision, whereby Ministers agreed to ensure that any agreement relating to agricultural export credits makes appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries, be taken fully into account in the agreement to be negotiated on agricultural export credits;

(iv) that WTO Members, in their individual capacity as members of relevant international financial institutions, take appropriate steps to encourage the institutions concerned, through their respective governing bodies, to further consider the scope for establishing new facilities or enhancing existing facilities for developing countries experiencing Uruguay Round-related difficulties in financing normal levels of commercial imports of basic foodstuffs.

ANNEX

DECISION ON MEASURES CONCERNING THE POSSIBLE NEGATIVE EFFECTS OF THE REFORM PROGRAMME ON LEAST-DEVELOPED AND NET FOOD-IMPORTING DEVELOPING COUNTRIES

1. *Ministers recognize* that the progressive implementation of the results of the Uruguay Round as a whole will generate increasing opportunities for trade expansion and economic growth to the benefit of all participants.

2. *Ministers recognize* that during the reform programme leading to greater liberalization of trade in agriculture least-developed and net food-importing developing countries may experience negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources on reasonable terms and conditions, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs.

3. *Ministers* accordingly *agree* to establish appropriate mechanisms to ensure that the implementation of the results of the Uruguay Round on trade in agriculture does not adversely affect the availability of food aid at a level which is sufficient to continue to provide assistance in meeting the food needs of developing countries, especially least-developed and net food-importing developing countries. To this end *Ministers agree*:

(i) to review the level of food aid established periodically by the Committee on Food Aid under the Food Aid Convention 1986 and to initiate negotiations in the appropriate forum to establish a level of food aid commitments sufficient to meet the legitimate needs of developing countries during the reform programme;

(ii) to adopt guidelines to ensure that an increasing proportion of basic foodstuffs is provided to least-developed and net food-importing developing countries in fully grant form and/or on appropriate concessional terms in line with Article IV of the Food Aid Convention 1986;

(iii) to give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least-developed and net food-importing developing countries to improve their agricultural productivity and infrastructure.

4. *Ministers* further *agree* to ensure that any agreement relating to agricultural export credits makes appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries.

5. *Ministers recognize* that as a result of the Uruguay Round certain developing countries may experience short-term difficulties in financing normal levels of commercial imports and that these countries may be eligible to draw on the resources of international financial institutions under existing facilities, or such facilities as may be established, in the context of adjustment programmes, in order to address such financing difficulties. In this regard Ministers take note of paragraph 37 of the report of the Director-General to the CONTRACTING PARTIES to GATT 1947 on his consultations with the Managing Director of the International Monetary Fund and the President of the World Bank (MTN.GNG/NG14/W/35).

6. The provisions of this Decision will be subject to regular review by the Ministerial Conference, and the follow-up to this Decision shall be monitored, as appropriate, by the Committee on Agriculture.

SECTION X

REPORT OF THE COMMITTEE ON AGRICULTURE

WORLD TRADE ORGANIZATION

G/L/131
7 November 1996

(96-4724)

REPORT OF THE COMMITTEE ON AGRICULTURE

Report adopted by the Committee on Agriculture on 6 November 1996

* * * * *

1. In accordance with its terms of reference as adopted by the WTO General Council on 31 January 1995 (WT/L/43) the Committee is required to oversee the implementation of the Agreement on Agriculture ("the Agreement") and to afford Members the opportunity of consulting on any matter relating to the implementation of the provisions of the Agreement.

2. A key function of the Committee is to review progress in the implementation of commitments negotiated under the Uruguay Round reform programme in accordance with the relevant provisions of Article 18 of the Agreement. The Committee on Agriculture is also charged under Article 16:2 of the Agreement with monitoring, as appropriate, the follow-up to the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. The work of the Committee in this regard is summarised in the relevant section of the separate report submitted by the Committee for the purposes of the review by the Ministerial Conference of the provisions of this Decision.

3. The Committee on Agriculture has held seven regular meetings (four meetings in 1995 and three so far in the current year) plus one special meeting which was convened at intervals between 24 October and 6 November 1996 (summary reports on each of these meetings are contained in documents G/AG/R/1 to 8). These meetings have been supplemented as appropriate by informal consultations and meetings. A further regular meeting of the Committee is to be held on 28-29 November 1996. The work of the Committee is conducted in accordance with working procedures specifically tailored to the functions of the Committee (G/AG/1), and with general rules of procedure in line with those adopted by the WTO General Council (G/AG/W/22). Observers from the following international intergovernmental organizations attend regular meetings of the Committee on Agriculture on an *ad hoc* basis: the FAO, the IMF, the International Grains Council, the OECD, the UNCTAD, the UN World Food Programme and the World Bank.

4. In accordance with the relevant provisions of Article 18 of the Agreement, the Committee, at each of its meetings, has reviewed progress in the implementation of commitments negotiated under the Uruguay Round reform programme. This review process is undertaken on the basis of notifications submitted by Members in the areas of market access, domestic support, export subsidies and under the provisions of the Agreement relating to export prohibitions and restrictions. The Committee also addressed a range of general and specific matters relevant to the implementation of commitments under the provisions of the Agreement (Article 18:6) which enable Members, as an integral part of the review process, to raise any matter relevant to the implementation of commitments under the reform programme.

5. In general, the notification requirements established by the Committee for the purpose of reviewing implementation of commitments and obligations under the Uruguay Round reform programme are being satisfactorily complied with by most Members. However, there have been a number of instances where notifications have been incomplete or have not been submitted within the specified timeframes. In a limited number of cases notifications due remain outstanding. The overall position with respect to notification obligations under Article 18:2 and other relevant provisions of the Agreement is summarized in the attachment to this report. Members of the Committee agree that it is essential to the work of the Committee in reviewing progress in the implementation of commitments under the reform programme, that there should be full and timely compliance with these notification requirements.

…

6. The principal focus of the Committee's review process has thus far been on the implementation of market access commitments, particularly with regard to the administration of tariff and other quota commitments and the operation of the special safeguard provisions. In the course of the current year the scope of the review process has broadened to include a wider range of notifications, as well as matters raised under Article 18:6 of the Agreement, with respect to export subsidy and domestic support commitments. Members of the Committee consider that good progress has been made in implementing the commitments negotiated under the Uruguay Round reform programme, even though some implementation issues remain to be resolved.

7. Many of the matters raised in the course of the Committee's systematic review of the implementation of commitments have been satisfactorily clarified in the Committee or have been subsequently resolved following discussion in the Committee. However, in a number of cases matters raised in the course of the review process involving apparent non-compliance with commitments or obligations under the Agreement nevertheless remain outstanding. Such matters include, for example, late or inadequate implementation, the introduction or maintenance of non-tariff border measures, and non-compliance with export subsidy commitments. Some of these matters have been pursued through recourse to the formal consultation and dispute settlement procedures. In this general context Members of the Committee stress the desirability of all such matters being settled in a positive manner and underline the importance which they attach to full and timely compliance with commitments and obligations under the Agreement by all Members.

8. The Committee's review process has also generated issues of a more general nature relating to the manner in which commitments are implemented. These issues include allocation of access under MFN tariff quotas to preferential suppliers or to non-Members, the allocation of import access to state-trading enterprises or to producer organizations, the auctioning of tariff quota licences, limitations on imports of particular products under broadly defined tariff quota commitments, making imports under tariff quotas conditional on absorption of domestic production of the product concerned, the relationship between the Agreement on Agriculture and the Agreements on Import Licensing Procedures and on Trade-Related Investment Measures, and export restrictions. Some of these issues have been subject to informal consultations undertaken by the Chairman at the request of the Committee with a view to clarifying the relevant disciplines in the areas concerned. The Committee considers that work in these and other relevant areas should be pursued with a view to exploring the scope for further improving the quality of implementation generally and to developing guidelines or other solutions as appropriate.

9. Special and differential treatment in favour of developing country Members, as incorporated in scheduled commitments and in the provisions of the Agreement, are integral elements of the Uruguay Round reform programme. Implementation of these commitments and the use made of these provisions have been fully within the scope of the Committee's review process, including Article 18:6. In establishing the notification requirements (G/AG/2) account was taken of the concerns of developing and least-developed country Members by alleviating the burden of certain notification obligations and by establishing notification requirements to facilitate the implementation and monitoring of the Decision on Least-Developed and Net Food-Importing Developing Countries. In addition, extensive technical

assistance and advice has been provided by the Secretariat on request to developing country Members on implementation issues.

10. Overall, Members of the Committee agree that the review process has been conducted in an efficient and effective manner and that the highest priority should continue to be accorded to this key area of the Committee's work.

11. Under Article 10:2 of the Agreement, which relates to the prevention of circumvention of export subsidy commitments, Members undertake to "work towards the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes and, after agreement on such disciplines, to provide export credits, export credit guarantees or insurance programmes only in conformity therewith". Further work on the elements of an outline understanding is required. At the appropriate stage the Committee on Agriculture will need to consider how an understanding in this area could be multilateralized within the framework of the Agreement on Agriculture and how the provisions of paragraph 4 of the Decision on Least-Developed and Net Food-Importing Developing Countries have been taken into account.

12. The negotiations to continue the reform process referred to in Article 20 of the Agreement on Agriculture, will be conducted in conformity with the timetable and all other provisions contained in that Article. Useful experience will be gained by the Committee on Agriculture in reviewing the implementation of existing commitments which will enable the Committee on Agriculture to further pursue in 1997 and thereafter:

(a) the assessment of the compliance with these commitments, taking into account the need for full and timely compliance; and

(b) a process of analysis and information exchange, in accordance with all relevant provisions of the Agreement on Agriculture.

This will allow WTO Members to better understand the issues involved and to identify their interests in respect of them before undertaking the mandated negotiations laid down in Article 20[1].

[1]Article 20 - Continuation of the Reform Process:

"Recognizing that the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform is an ongoing process, Members agree that negotiations for continuing the process will be initiated one year before the end of the implementation period, taking into account:

(a) the experience to that date from implementing the reduction commitments;

(b) the effects of the reduction commitments on world trade in agriculture;

(c) non-trade concerns, special and differential treatment to developing country Members, and the objective to establish a fair and market-oriented agricultural trading system, and the other objectives and concerns mentioned in the preamble to this Agreement; and

(d) what further commitments are necessary to achieve the above mentioned long-term objectives."

Attachment

Regular notifications pertaining to the 1995 year made under the Agreement on Agriculture

SECTION XI

REPORT OF THE COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES

WORLD TRADE ORGANIZATION

G/L/126
28 October 1996

(96-4486)

Committee on Subsidies and Countervailing Measures

REPORT (1996) OF THE COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES

I. Organization of the work of the Committee

1. The Agreement on Subsidies and Countervailing Measures (hereinafter "the Agreement") entered into force on 1 January 1995. All Members of the WTO are *ipso facto* members of the Committee on Subsidies and Countervailing Measures established under the Agreement.

2. Observer governments in the General Council of the WTO have Observer status in the Committee. In addition, the Committee invited, on an *ad hoc* basis, representatives of the World Bank, OECD, IMF and UNCTAD to attend meetings of the Committee in an observer capacity. At its regular meeting on 23 October 1996, the Committee took note of the decision of the General Council regarding the status of international organizations as Observers to the WTO and authorized the Chairman to consult informally regarding on which international intergovernmental organizations would be granted observer status in the Committee. Pending the outcome of such consultations, the Committee agreed to continue to invite those organizations which had been following the Committee's meetings on an *ad hoc* basis.

3. This Report focuses on the period since the Committee's last annual report (G/L/31 and Corr.1), that is, November 1995 - October 1996. However, where relevant, information from the previous period is reported. During the period under review (1 November 1995 - 24 October 1996) the Committee held six meetings. Regular meetings of the Committee were held on 1-2 May 1996 and 23-24 October 1996 (G/SCM/M/9 and G/SCM/M/12). Special meetings of the Committee were held on 6 March 1996 and 22-26 July 1996 (G/SCM/M/8 and G/SCM/M/11). Additional special meetings were held jointly with the Committee on Anti-Dumping Practices on 4-7 December 1995 and 24-26 April 1996 (G/SCM/M/7 and G/SCM/M/10).

4. The Committee at its special meeting of 22 February 1995 elected Mr. Ole Lundby (Norway) as its Chairman. The Committee at its regular meeting of 13 June 1995 elected Mr. Victor do Prado (Brazil) as its Vice-Chairman. The Committee at its regular meeting of 1-2 May 1996 elected Mr. Victor do Prado (Brazil) as its Chairman and Ms. Michelle Slade (New Zealand) as its Vice-Chairwoman. Pursuant to the Committee's Rules of Procedure, they took office at the end of that meeting.

5. The Committee at its regular meeting of 1-2 May 1996 adopted Rules of Procedure for Meetings of the Committee on Subsidies and Countervailing Measures (G/SCM/10). The Council for Trade in Goods subsequently approved the Committee's Rules of Procedure at its meeting of 22 May 1996.

II. Permanent Group of Experts

6. The Committee is required by Article 24.3 of the Agreement to establish a Permanent Group of Experts ("PGE"). The tasks assigned to the PGE by the Agreement are to provide assistance to a Panel, on request, with regard to whether a measure is a prohibited subsidy; to provide Members with confidential advisory opinions on the nature of any subsidy proposed to be introduced or currently maintained by that Member; and to provide the Committee with advisory opinions on the existence and nature of any subsidy. At its special meeting of 6 March 1996, the Committee elected as members of the Permanent Group of Experts the following persons: Mr. Seung-Wha Chang, Mr. Gary Horlick, Mr. Friedrich Klein, Mr. Akira Kotera and Mr. Robert Martin.

7. Pursuant to a Decision adopted by the Committee (G/SCM/4), the PGE shall develop rules of procedure, taking into account any guidance provided by the Committee, which rules shall be subject to approval by the Committee. Draft Rules of Procedure were prepared by the PGE and circulated to the Committee on 18 April 1996 (G/SCM/W/365). These draft Rules of Procedure were discussed at the Committee's regular meeting of 1-2 May 1996, and revised draft Rules of Procedure were circulated to the Committee on 24 June 1996 (G/SCM/W/365/Rev.1). However, the Committee did not approve these draft Rules of Procedure at its special meeting of 22-26 July 1996. In light of likely requests to the PGE for advisory opinions from Members and of pending disputes regarding prohibited subsidies, the Committee at that meeting took note that the PGE would work under the draft Rules of Procedure until the regular meeting of the Committee on 23 October 1996. At its regular meeting on 23 October 1996, the Committee failed to approve the PGE's draft Rules of Procedure or to authorize their provisional application.

III. Informal Group of Experts

8. Annex IV of the Agreement provides guidance regarding the calculation of the total *ad valorem* subsidization for the purposes of determining whether there exists a presumption of serious prejudice under Article 6.1(a) of the Agreement. Note 62 to Annex IV of the Agreement provides that "[a]n understanding among Members should be developed, as necessary, on matters which are not specified in this Annex or which need further clarification for the purposes of paragraph 1(a) of Article 6." The Committee at its meeting of 13 June 1995 created an Informal Group of Experts to examine such matters and to report to the Committee such recommendations as the Group considers could assist the Committee in the development of an understanding among Members, as necessary, regarding such matters. The Informal Group is composed of experts who serve in their personal capacities rather than as representatives of governments. The Group began its work on 1 November 1995 and has met on six occasions to date. The Group on 14 October 1996 circulated to the Committee an outline of issues that it had discussed to date (G/SCM/W/413).

IV. Notification of subsidies

9. New and full notifications. Transparency is central to the effective operation of the Agreement. Pursuant to Article 25.1 of the Agreement and Article XVI:1 of GATT 1994, all Members of the Committee were required to submit a new and full notification of subsidies to the Committee by 30 June 1995. A format for such notifications was approved by the Committee on 21 July 1995 (G/SCM/6). While a substantial number of Members have submitted notifications of subsidies pursuant to these provisions, discussions in the Committee indicate a widely held view that compliance is not fully adequate, both in terms of the number of notifications and the content of the notifications received (G/SCM/M/8, paras. 21-23, G/SCM/M/11, paras. 29-31).

10. As of 24 October 1996, 46 of 125 WTO Members[1] had notified subsidies pursuant to Article 25 of the Agreement and Article XVI of GATT 1994. In addition, 18 Members had notified that they maintain no subsidies notifiable pursuant to these provisions. These notifications may be found in document series G/SCM/N/3/… However, 61 Members had submitted no notification as of the close of the period covered by this Report. Thus, sixteen months after the due date set forth in the Agreement, nearly half of WTO Members have not yet submitted a notification of subsidies. Of these Members, 22 are least-developed countries, while the remainder are developing countries, countries in transition to a market economy, and (in a few cases) developed countries. A table indicating the status of subsidy notifications is reproduced in Annex A to this Report. The Chairman on several occasions expressed his serious concerns regarding the number of Members that had not as yet submitted a notification.

11. Special session. Article 26.1 of the Agreement requires that new and full notifications be examined by the Committee at special sessions held every third year. Because very few new and full notifications were received in a timely manner, the first special session to review such notifications was not held until the week of 22 July 1996, while a second session will be held in the week of 28 October 1996. As of the close of the second session, fifty-four of the 1995 new and full notifications received to date will have been reviewed. Pursuant to a decision of the Committee, the review sessions are conducted on the basis of written questions, with written answers provided after the special session. Written questions have been posed by approximately a dozen Members (G/SCM/Q2/…), and with respect to almost all of the notifications reviewed.

12. At the end of the first special session in July 1996, the Chairman noted the progress that had been made in the review process. The review had been conducted in a spirit of cooperation and good will, and a considerable amount of information had been exchanged. However, written questions and discussions revealed concerns by some Members regarding the completeness of many of the notifications reviewed. In many cases, questions were raised regarding certain programmes or measures not notified to the Committee. Questions were also posed regarding the failure of some Members to notify agricultural subsidies, and of the vast majority of Members to notify subsidies at a subnational level (G/SCM/Q2/…).

13. Updating notifications. Article 25.1 of the Agreement requires that an updating notification be submitted by 30 June 1996. As of 24 October 1996, nine such notifications had been received. Australia, Brazil, Iceland, Japan, Norway, Romania and Thailand had notified subsidies, while Hong Kong and New Zealand had notified that they maintained no notifiable subsidies. These notifications may be found in document series G/SCM/N/16/…. The remaining 116 Members had not yet submitted an updating notification.

V. Notification of existing inconsistent subsidies

14. Article 28.1 of the Agreement provides that subsidy programmes established before the date a Member signed the WTO Agreement and which are inconsistent with the Agreement were to be notified not later than 90 days after the date of entry into force of the WTO Agreement. As of 24 October 1996, Chile, Malaysia and South Africa had notified programmes pursuant to this provision (the notification by Chile also made reference to Article 27 of the Agreement). Canada, Cuba and Honduras had notified they had no such programmes (G/SCM/N/2 and Corr.1 and addenda). The Committee also had received a notification from Singapore pursuant to Article 27 (G/SCM/N/6).

VI. Notification by Members in transformation into a market economy

[1]The EC is counted as sixteen Members.

15. Article 29.3 provides that Members in transformation into a market economy shall notify subsidy programmes falling within the scope of Article 3 by the earliest practicable date after the date of entry into force of the WTO Agreement. The Committee decided at its regular meeting of 13 June 1995 on an indicative date of 30 June 1995 for these notifications. As of 24 October 1996, Hungary, Poland and Romania had notified programmes pursuant to this provision (G/SCM/N/9/HUN, G/SCM/N/9/POL & Corr.1, and G/SCM/N/9/ROM). The Czech Republic had notified that it had no such subsidy programmes (G/SCM/N/9/CZE). No other Member had submitted a notification.

VII. Non-actionable subsidies

16. Notifications. Article 8.3 of the Agreement provides that a subsidy programme for which non-actionability is invoked pursuant to Article 8.2 shall be notified to the Committee in advance of its implementation. A recommendation by the Informal Contact Group of a format for initial notifications (PC/IPL/11, Annex 1) was approved by the Committee at its meeting of 22 February 1995. As of 24 October 1996, no such notifications had been made. In addition, the Working Party on Subsidies Notifications was established on 22 February 1995 and has held five formal meetings to date to discuss, *inter alia*, a format for updates of non-actionable subsidies. A draft format was circulated to the Committee on 26 April 1996 (G/SCM/W/390). As of the end of the review period, no format had yet been adopted. However, the Chairman at the regular meeting of the Committee on 23 October 1996 indicated that he would consult regarding the date for another meeting of the Working Party to consider the draft format.

17. Arbitration. Article 8.5 of the Agreement provides for binding arbitration in certain cases relating to notifications of non-actionable subsidies. The informal group on procedures for arbitration under Article 8.5 of the Agreement has met repeatedly to discuss procedures for the conduct of arbitration under Article 8.5, and a paper containing proposed procedures (G/SCM/W/5) was circulated to the Committee on 11 May 1995. However, no procedures have yet been adopted.

18. Review of the operation of Article 8.2(a). Footnote 25 to Article 8.2(a) of the Agreement provides that, "[n]ot later than 18 months after the date of entry into force of the WTO Agreement, the Committee shall review the operation of the provisions of paragraph 2(a) with a view to making all necessary modifications to improve the operation of these provisions. In its consideration of possible modifications the Committee shall carefully review the definitions of the categories set forth in this subparagraph in the light of the experience of Members in the operation of research programmes and the work of other relevant international organizations." Accordingly, the Committee reviewed the operation of this provision at its regular meeting of 1-2 May 1996 (G/SCM/M/9, paras. 50-57). Certain Members observed that there had been limited activity with respect to subparagraph 8.2(a) of the Agreement, and in particular that no notifications of non-actionable research subsidies had been made pursuant to Article 8.3. It was noted that a broader review of the operation of Articles 6.1, 8 and 9 of the Agreement would be required not later than 5 July 1999 under Article 31 of the Agreement. The Committee took note of the statements made and considered that for the present it had concluded the review of the operation of subparagraph 8.2(a) envisioned by footnote 25 of the Agreement; if Members so desired, the Committee could revert to the issue at a future date.

VIII. Notifications of subsidies linked to privatization programmes

19. Article 27.13 of the Agreement provides that certain subsidies that are granted within and are directly linked to a privatization programme of a developing country Member and which are duly notified to the Committee are not subject to the provisions of Part III of the Agreement. A format for such notifications was recommended by the Preparatory Committee (PC/IPL/11) and adopted by the Committee (G/SCM/M/1, paras 19-20). Brazil made a notification pursuant to this provision (G/SCM/N/13/BRA)

and noted that, while not all of the information required in the format was necessarily included in the notification, this was being presented with a view to providing basic information on the Brazilian privatization programme. The notification was discussed at the regular meeting of the Committee on 1-2 May 1996 (G/SCM/M/9, paras. 40-42).

IX. Notification and examination of countervailing duty laws and/or regulations

20. In the area of countervailing duties, WTO rules are implemented through Members' national legislation. Pursuant to Article 32.6 of the Agreement, as amplified by a decision of the Committee, Members with available legislation and/or regulations regarding countervailing duty investigations or reviews covered by the Agreement should notify the full and integrated text of the relevant legislation and/or regulations to the Committee. If such legislation and/or regulations do not exist or are not available, the Member should inform the Committee of this fact and, in the case of non-availability, explain the reasons therefor. In addition, the Committee decided, at its special meeting of 22 February 1995, that Observer governments should provide the Committee with any information the Observer government considers relevant to matters within the purview of the Agreement, including the text of its laws and regulations regarding countervailing duties, and information regarding any countervailing measures taken by the Observer government.

21. As of 24 October 1996, 80 Members[2] had notified the Committee regarding their domestic countervailing duty legislation. These notifications can be found in document series G/SCM/N/1/…. Forty-five Members had not, as yet, made any notification under Article 32.6 of the Agreement. Annex B sets out the status of notifications of legislation under Article 32.6 of the Agreement. Of the 80 Members submitting notifications, 18 notified that they had no specific legislation relating to countervailing duties, 29 notified new legislation, and 35 notified pre-WTO legislation still in force. Of the 53 Members notifying no countervailing legislation or pre-WTO legislation still in force, 36 indicated that new legislation is being considered or drafted. In addition, 26 Members indicated that the WTO Agreement has force of law in the territory of the Member.

22. During the period under review, the Committee continued the work of reviewing notifications of countervailing duty laws and/or regulations begun in 1995. In addition to the legislations and notifications without legislative text reviewed during the previous period, the Committee reviewed the notifications of countervailing duty legislation of the following Members in two special meetings held jointly with the Committee on Anti-Dumping Practices: Barbados, Bolivia, Colombia, Costa Rica, Cuba, Ecuador, Iceland, Israel, Jamaica, Japan, Malawi, Malaysia, Norway, Philippines, Romania, Saint Lucia, Slovenia, South Africa, Thailand, Trinidad & Tobago, Tunisia, Turkey, and Zambia. The Committee also reviewed the notifications without legislative text of the following Members: Botswana, Cyprus, Dominican Republic, El Salvador, Guatemala, Republic of Guinea, Honduras, Indonesia, Maldives, Malta, Morocco, Nicaragua, Pakistan, Paraguay, Poland, Sri Lanka, Suriname, Turkey, Uganda, and Zimbabwe. The substance of the review is reflected in the written questions put to Members, and their written answers. References to these questions and answers can be found in the minutes of the joint special meetings to review legislation, G/SCM/M/6 and G/SCM/M/10.

23. As of the end of April 1996, the Committee had conducted an initial review of almost all notifications received to date, in four special meetings held jointly with the Committee on Anti-Dumping Practices. The Committee therefore decided that for the immediate future, joint special meetings to review legislation were no longer needed, and the continued review of legislation would take place in the context of regular Committee meetings. The Committee adopted procedures for the continued review of legislation (G/SCM/W/293), based on a process of written questions and answers, to facilitate

[2] The EC is counted as sixteen Members.

productive discussions during the continued review of legislations. Review of new and amended legislations would follow the same procedures used during the joint special meetings to review legislation. References to the questions and answers submitted regarding continued review of notifications of legislation can be found in the minutes of the regular meeting of the Committee (G/SCM/M/12).

24. As of the end of the period under review, a significant number of the written questions put to Members during the course of the legislative review meetings remained unanswered. Nonetheless, the Chairman observed the progress that had been made in the review process (G/SCM/M/7, para. 30). Questions put to Members ranged from those regarding general, policy matters to very specific and highly technical questions of national administration of countervailing measures. Among the concerns raised by Members were perceived inconsistencies between the Agreement and both newly-enacted legislation and legislation enacted prior to the entry into force of the Agreement. In addition, Members expressed concern regarding the potential for actions inconsistent with the Agreement if such actions are based on legislation enacted prior to the entry into force of the Agreement. Another concern was the complexity of the procedural and substantive requirements of the Agreement, and the need for significant training and education, particularly for new users of countervailing measures and developing countries, to ensure that actions were taken consistently with the Agreement.

X. Semi-annual reports on countervailing actions

25. Article 25.11 of the Agreement provides that Members shall submit, on a semi-annual basis, reports on countervailing duty actions taken within the preceding six months. Pursuant to the recommendation of the Informal Contact Group (PC/IPL/11, Annex 7), which was adopted by the Committee at its 22 February 1995 meeting (G/SCM/M/1, paras. 19-20), the first semi-annual report submitted by each WTO Member would cover the period July-December or January-June, whichever was more recent, preceding the date of entry into force of the WTO Agreement for that Member. In addition, Members taking no action during a given period are requested to so notify the Committee.

26. Guidelines for information to be provided in semi-annual reports submitted pursuant to Article 25.11 are contained in document G/SCM/2. Submission of semi-annual reports by Members known to be users of countervailing measures has improved since early 1995. A significant number of Members have never filed a semi-annual report, however. While many if not most of these Members are believed not to be active users of countervailing measures, in the absence of semi-annual reports, the situation remains uncertain. The Committee reviewed the notifications of action for the periods 1 July - 31 December 1995 and 1 January - 30 June 1996 at its regular meetings in May and October 1996. In addition to specific questions raised concerning the actions taken by Members, concern was expressed over the lack of notifications, and the fact that notifications often did not follow the format set forth in the guidelines. The comments of Members are reflected in the minutes of the regular meeting of 1-2 May 1996 (G/SCM/M/9, para. 33).

27. Notifications for 1 July -31 December 1995. As of 24 October 1996, eight Members had notified actions taken during the period 1 July-31 December 1995. Forty-six Members had notified the Committee that they had not taken any countervailing duty action during this period. Approximately half of WTO Members had not submitted a notification. The semi-annual reports were circulated in document series G/SCM/N/12. The status of semi-annual reports is set out in Annex C.

28. Notifications for 1 January - 30 June 1996. As of 24 October 1996, nine Members had notified actions taken during the period 1 January-30 June 1996. Thirty-nine Members had notified the Committee that they had not taken any countervailing duty action during this period (G/SCM/N/19 and addenda). Approximately two-thirds of WTO Members had not submitted a notification. The semi-annual reports were circulated in document series G/SCM/N/19. The status of semi-annual reports is set out in Annex C.

29. A table summarising notifications of countervailing actions taken by Members during the period 1 July 1995-30 June 1996 is reproduced in Annex D to this Report.

XI. Reports on all preliminary or final countervailing duty actions

30. Pursuant to Article 25.11 of the Agreement, Members are to report without delay to the Committee all preliminary and final countervailing actions taken. Guidelines for the information to be contained in these reports are set forth in G/SCM/3. As of 24 October 1996, reports of preliminary and final countervailing actions during the period under consideration were received from Argentina, Australia, Brazil, Canada, Côte D'Ivoire, the EC, Mexico, New Zealand, Peru, and the United States. (G/SCM/N/14, 15, 17, and 20). While such reports are regularly submitted by some users of countervailing measures, a number of Members known to have taken preliminary and final actions have not reported those actions without delay to the Committee. The Committee reviewed the notifications of preliminary and final actions at its regular meetings in May and October 1996. During these reviews, the Chairman expressed the view that compliance with this notification had not been fully adequate (G/SCM/M/5, para.7).

XII. Other matters discussed by the Committee

31. Notification of Competent Authorities. At its regular meeting on 1-2 May 1996, the Committee decided to request members to notify the name, address, telephone and fax number, and electronic mail address where available, of their authorities competent to initiate and conduct countervailing duty investigations. This notification would be made once, subject to updating or correcting notifications should the relevant information of any Member change. The list containing the information notified by Members is maintained by the Secretariat and circulated in addenda to document G/SCM/N/18. As of 24 October 1996, the following Members had notified relevant information to the Secretariat: Argentina, Australia, Bolivia, Brazil, Canada, Chile, EC, Guatemala, Hong Kong, Hungary, Iceland, Israel, Jamaica, Kenya, Korea, Malaysia, Mauritius, Mexico, New Zealand, Norway, Peru, Romania, Singapore, Slovenia, Switzerland, Thailand, Turkey, Uganda, United States, Venezuela and Zambia. At the Committee's regular meeting in October, it was proposed that the Committee ask Members to notify, separately from their notifications of legislation and/or regulations, their domestic procedures for the conduct of countervailing duty investigations.

32. Procedures for preparation and adoption of Annual Report. At its regular meeting on 1-2 May 1996, the Committee considered the procedures for the preparation and adoption of its Annual Report adopted at its first meeting in February 1995, in light of suggestions from the Chairman of the General Council. The Committee decided that the Secretariat should prepare a draft Report in the same format as had been used in the previous year's Report, incorporating from that Report those aspects of implementation that would help explain the progress that the Committee had made. The draft Report would be circulated to Members at the end of September or in early October, at which time the Committee would have to decide whether it should meet informally in advance of the regular October meeting to discuss any additional matters for inclusion in the Report.

33. Status of Members in Annex VII. The Chairman informed the Committee that, according to data in the 1996 World Bank Atlas, the GNP per capita per annum of three Members identified in Annex VII(b) of the Agreement (the Dominican Republic, Guatemala, and Morocco) now exceeded $1000. In addition, the Committee discussed the status of Honduras, which is not identified in Annex VII. The Chairman noted that Honduras was an original Member of the WTO, having signed the WTO Agreement at Marrakesh in April 1994, and had a GNP *per capita per annum* of well under $1000. Nevertheless, Honduras had not been included in Annex VII. After discussion in the Committee, the Chairman stated that he would consult informally regarding this situation.

XIII. Concluding observations

34. The Committee considered that, in general, good progress had been made in the first two years in implementing the Agreement. However, the Committee considered that much remained to be done, and that additional efforts from Members were required in order to achieve full implementation of the Agreement.

35. The Committee observed that one area where implementation was inadequate was notifications. Full transparency was essential to ensure substantive implementation of the Agreement. Every effort was required in order that all Members submitted full and complete notifications on a timely basis. While the achievement of this goal depended primarily on the efforts of individual Members, the Committee could examine steps that might be taken to improve compliance by, *inter alia*, informing concerned governments of compliance problems, examining ways to streamline the notification process, and assisting developing country Members to meet their notification obligations.

36. The Committee noted that there were a number of outstanding tasks confronting it. Among these were the development of a format for update notifications pursuant to Article 8.3, the finalization of procedures for arbitration regarding non-actionable subsidies under Article 8.5, the approval of rules of procedure for the Permanent Group of Experts, and the completion of the work of the Informal Group of Experts established to examine the matters referred to in footnote 62 to Annex IV of the Agreement. The Committee considered that completion of these tasks was important and that Members should make every effort toward that end. The Committee recalled that, while it had for the present concluded the review of the operation of Article 8.2(a) required by footnote 25 of the Agreement, a broader review of the operation of Articles 6.1, 8 and 9 would be required not later than 5 July 1999 under Article 31 of the Agreement. The Committee also observed that the provisions of Article 8.3 had not been used by Members, and that it might usefully consider this situation, taking into account the obligations of the Agreement.

37. The Committee observed that among its major tasks during the first two years of the Agreement had been to review the domestic countervailing legislations and subsidy programmes notified by Members. The review exercises indicated that implementation in this regard was less than complete. Not all Members that are current or potential users of countervailing measures had completed the domestic legislative processes to incorporate the relevant requirements of the Agreement. Thus, further efforts were required in order to ensure substantive implementation of the Agreement. In addition, during the special meetings to review notifications a variety of issues were raised regarding the WTO-consistency of notified legislations, programmes and measures. The meetings provided Members with an opportunity to seek clarification of issues arising out of other Members' legislation. Generally, Members were able to clarify the issues raised. Both Members notifying legislation and those submitting questions generally found the process helpful and wished to continue this work in the Committee. The Committee viewed it as extremely important that Members carefully consider all questions posed, comments made and replies provided in the context of these review sessions.

38. The Committee noted that the procedural and substantive provisions of the new Agreement were detailed and that its implementation required substantial expertise and the commitment of substantial resources by Members. The Committee considered that maximum efforts should be made to assist Members, and in particular developing country Members, to achieve full implementation of the Agreement.

ANNEX A
SUBSIDY NOTIFICATIONS
(G/SCM/N/3/…)

Member		Member		Member		Member	
Antigua & Barbuda		Germany	X	Kuwait		Sierra Leone	
Argentina	X	Greece	X	Lesotho		Singapore	X
Australia	X	Ireland	X	Liechtenstein	nil	Slovak Republic	X
Bahrain		Italy	X	Macau		Slovenia	X
Bangladesh		Luxembourg	X	Madagascar		Solomon Islands	
Barbados		Netherlands	X	Malawi		South Africa	
Belize		Portugal	X	Malaysia	X	Sri Lanka	X
Benin		Spain	X	Maldives		Suriname	nil
Bolivia	nil	Sweden	X	Mali		Swaziland	nil
Botswana	nil	United Kingdom	X	Malta		Switzerland	X
Brazil	X	Ecuador		Mauritania		Tanzania	
Brunei Darussalam		Egypt		Mauritius	nil	Thailand	X
Burkina Faso		El Salvador		Mexico	X	Togo	
Burundi		Fiji		Morocco	nil	Trinidad & Tobago	nil
Cameroon		Gabon		Mozambique		Tunisia	
Canada	X	Gambia	n.a	Myanmar		Turkey	X
Central African R.		Ghana	nil	Namibia		Uganda	nil
Chad	n.a.	Grenada		New Zealand	nil	United Arab Emirates	
Chile	X	Guatemala		Nicaragua	nil	United States	X
Colombia	X	Guinea Bissau		Nigeria	X	Uruguay	
Costa Rica	X	Guinea, Rep. of		Norway	X	Venezuela	X
Côte d'Ivoire	nil	Guyana		Pakistan	X	Zambia	nil
Cuba		Haiti		Papua New Guinea		Zimbabwe	
Cyprus		Honduras	nil	Paraguay			
Czech Republic	X	Hong Kong	nil	Peru	nil		
Djibouti		Hungary	X	Philippines	X		
Dominica		Iceland	X	Poland			
Dominican Rep.	nil	India	X	Qatar			
EC	X	Indonesia	X	Romania	X		
Austria	X	Israel		Rwanda			
Belgium	X	Jamaica		St. Kitts & Nevis			
Denmark	X	Japan	X	St. Lucia			
Finland	X	Kenya		St. Vincent & Grenadines			
France	X	Korea	X	Senegal			

"Nil" means that the Member has indicated that it maintains no notifiable subsidies

ANNEX B
COUNTERVAILING DUTY LEGISLATION NOTIFICATIONS

MEMBER/OBSERVER	NOTIFICATION PROVIDED
Antigua and Barbuda	
Argentina	G/SCM/N/1/ARG/1 + Suppl.1
Australia	G/SCM/N/1/AUS/1 + Suppl.1
Bahrain	
Bangladesh	
Barbados	G/SCM/N/1/BRB/1
Belize	
Benin	
Bolivia	G/SCM/N/1/BOL/1 + Suppl.1
Botswana	
Brazil	G/SCM/N/1/BRA/1 + Suppl.1
Brunei Darussalam	
Burkina Faso	
Burundi	
Cameroon	
Canada	G/SCM/N/1/CAN/2
Central African Republic	
Chad	
Chile	G/SCM/N/1/CHL/1
Colombia	G/SCM/N/1/COL/1
Costa Rica	G/SCM/N/1/CRI/1
Côte d'Ivoire	
Cuba	G/SCM/N/1/CUB/1 + Suppl.1
Cyprus	G/SCM/N/1/CYP/2
Czech Republic	G/SCM/N/1/CZE/1
Djibouti	
Dominica	
Dominican Republic	G/SCM/N/1/DOM/1
European Communities	G/SCM/N/1/EEC/1

MEMBER/OBSERVER	NOTIFICATION PROVIDED
Ecuador	G/SCM/N/1/ECU/1
Egypt	G/SCM/N/1/EGY/1
El Salvador	G/SCM/N/1/SLV/1
Fiji	
Gabon	
Gambia	
Ghana	
Grenada	
Guatemala	G/SCM/N/1/GTM/2
Guinea Bissau	
Guinea, Rep.of	G/SCM/N/1/GIN/1
Guyana	
Haiti	
Honduras	G/SCM/N/1/HND/2
Hong Kong	G/SCM/N/1/HKG/1
Hungary	G/SCM/N/1/HUN/1
Iceland	G/SCM/N/1/ISL/1
India	G/SCM/N/1/IND/2 + Corr.1 + Suppl.1
Indonesia	G/SCM/N/1/IDN/2
Israel	G/SCM/N/1/ISR/2
Jamaica	G/SCM/N/1/JAM/1
Japan	G/SCM/N/1/JPN/2 + Corr.1 & 2 + Suppl.1
Kenya	G/SCM/N/1/KEN/1
Korea	G/SCM/N/1/KOR/1 + Corr.1 & 2
Kuwait	
Lesotho	
Liechtenstein	
Macau	
Madagascar	
Malawi	G/SCM/N/1/MWI/1
Malaysia	G/SCM/N/1/MYS/1

MEMBER/OBSERVER	NOTIFICATION PROVIDED
Maldives	G/SCM/N/1/MDV/1
Mali	
Malta	G/SCM/N/1/MLT/1
Mauritania	
Mauritius	G/SCM/N/1MUS/2
Mexico	G/SCM/N/1/MEX/1 + Corr.1
Morocco	G/SCM/N/1/MAR/1
Mozambique	
Myanmar	
Namibia	
New Zealand	G/SCM/N/1/NZL/2
Nicaragua	G/SCM/N/1/NIC/1
Nigeria	
Norway	G/SCM/N/1/NOR/3
Pakistan	G/SCM/N/1/PAK/1
Papua New Guinea	
Paraguay	G/SCM/N/1/PRY/1
Peru	G/SCM/N/1/PER/1 + Corr.1 + Suppl.1
Philippines	G/SCM/N/1/PHL/1
Poland	G/SCM/N/1/POL/1
Qatar	
Romania	G/SCM/N/1/ROM/1
Rwanda	
Saint Kitts & Nevis	
Saint Lucia	G/SCM/N/1/LCA/1
Saint Vincent & Grenadines	
Senegal	G/SCM/N/1/SEN/1
Sierra Leone	
Singapore	G/SCM/N/1/SGP/1
Slovak Republic	G/SCM/N/1/SVK/1
Slovenia	G/SCM/N/1/SVN/1

MEMBER/OBSERVER	NOTIFICATION PROVIDED
Solomon Islands	
South Africa	G/SCM/N/1/ZAF/1
Sri Lanka	G/SCM/N/1/LKA/1
Suriname	G/SCM/N/1/SUR/1
Swaziland	
Switzerland	G/SCM/N/1/CHE/1
Tanzania	
Thailand	G/SCM/N/1/THA/2 + Corr.1
Togo	
Trinidad and Tobago	G/SCM/N/1/TTO/1
Tunisia	G/SCM/N/1/TUN/1
Turkey	G/SCM/N/1/TUR/2
Uganda	G/SCM/N/1/UGA/2
United Arab Emirates	
United States	G/SCM/N/1/USA/1 + Corr.1 + Suppl.1
Uruguay	G/SCM/N/1/URY/1
Venezuela	G/SCM/N/1/VEN/1 + Suppl.1 & 2
Zambia	G/SCM/N/1/ZMB/1
Zimbabwe	G/SCM/N/1/ZWE/2

ANNEX C
SEMI-ANNUAL REPORTS

Key: X = Semi-annual report of actions taken submitted
N = Report of no actions taken submitted
not applicable = obligation did not apply to Member for that period
blank = No report submitted

MEMBER	1 July-31 December 1995	1 January-30 June 1996
Antigua and Barbuda		
Argentina	X	X
Australia	X	X
Bahrain		
Bangladesh		
Barbados	N	
Belize		
Benin		
Bolivia	N	
Botswana	N	N
Brazil	X	X
Brunei Darussalam		
Burkina Faso		
Burundi		
Cameroon		
Canada	X	X
Central African Republic		
Chad	not applicable	
Chile	N	N
Colombia	N	N
Costa Rica	N	
Côte d'Ivoire		
Cuba	N	N
Cyprus	N	

MEMBER	1 July-31 December 1995	1 January-30 June 1996
Czech Republic	N	N
Djibouti		
Dominica		
Dominican Republic	N	N
European Communities[3]	X	X
Ecuador		
Egypt	N	N
El Salvador		
Fiji		
Gabon		
Gambia	not applicable	
Ghana		
Grenada		
Guatemala		
Guinea Bissau		
Guinea, Republic of		
Guyana		
Haiti		
Honduras	N	
Hong Kong	N	N
Hungary	N	N
Iceland	N	N
India	N	N
Indonesia	N	N
Israel	X	N
Jamaica		
Japan	N	N
Kenya		
Korea	N	N

[3]The EC is counted as 1 Member.

MEMBER	1 July-31 December 1995	1 January-30 June 1996
Kuwait		N
Lesotho		
Liechtenstein		
Macau		
Madagascar		
Malawi		
Malaysia	N	N
Maldives		
Mali		
Malta	N	N
Mauritania		
Mauritius	N	
Mexico	X	X
Morocco	N	N
Mozambique		
Myanmar		
Namibia		
New Zealand	X	X
Nicaragua		
Nigeria		
Norway	N	N
Pakistan	N	N
Papua New Guinea		
Paraguay	N	N
Peru	X	N
Philippines	N	N
Poland	N	
Qatar		
Romania	N	N
Rwanda		
Saint Kitts & Nevis		

MEMBER	1 July-31 December 1995	1 January-30 June 1996
Saint Lucia	N	
Saint Vincent & Grenadines		
Senegal	N	N
Sierra Leone		
Singapore	N	N
Slovak Republic	N	N
Slovenia	N	N
Solomon Islands	not applicable	
South Africa	N	
Sri Lanka	N	N
Suriname		
Swaziland	N	
Switzerland	N	N
Tanzania		
Thailand	N	N
Togo		
Trinidad and Tobago	N	
Tunisia	N	N
Turkey	N	N
Uganda		N
United Arab Emirates		N
United States	X	X
Uruguay	N	N
Venezuela	N	N
Zambia	N	N
Zimbabwe	N	

ANNEX D *

Summary of Countervailing Duty Actions
(1 July 1995-30 June 1996)

Initiation		Provisional Measures (negative preliminary determination not included)		Definitive Duties		Price Undertakings		Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[1] involved	No.	Countries involved	No.	Countries involved	No.	Countries involved	
	ARGENTINA							
0		0		1	EEC(1)	0		1
	AUSTRALIA							
1	GBR (1)	0		0		0		13
	BRAZIL							
0				6	CIV(1) IDN(1) LKA(2)	0		7
					MYS(1) PHL(1)			

*Includes actions covered by the Tokyo Round Agreement, the WTO Agreement and Article VI of GATT 1947.

[1]"Countries" refer in all cases to countries or customs territories. A list of the abbreviations used in this table can be found following the table.

Initiation				Provisional Measures (negative preliminary determination not included)				Definitive Duties				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[1] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	CANADA															
1	ITA(1)			2	EEC(1)	ITA(1)		1	EEC(1)			0				6
	EEC															
0								0				0				3
	ISRAEL															
2	EEC(1)	ITA(1)		0				0				0				0
	MEXICO															
0								7	BRA(4)	VEN(3)		5	CAN(1)	USA(1)	VEN(3)	13
	NEW ZEALAND															
2	ITA(2)			0				0				0				1

Initiation				Provisional Measures (negative preliminary determination not included)				Definitive Duties				Price Undertakings				Measures in force on 30 June 1996 (definitive duties and price undertakings)
No.	Countries[1] involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	PERU															
0				0				1	ARG(1)			0				0
	UNITED STATES															
1		CAN(1)		2	ITA(1)	TUR(1)		2	ITA(1)	TUR(1)		0				65
	VENEZUELA															
0				0				0				0				3

LIST OF ABBREVIATIONS USED IN ANNEX D

AFG	AFGHANISTAN
ALB	ALBANIA
DZA	ALGERIA
ATG	ANTIGUA AND BARBUDA
ARG	ARGENTINA
ARM	ARMENIA
AUS	AUSTRALIA
AUT	AUSTRIA
AZE	AZERBAIJAN
BHS	BAHAMAS
BHR	BAHRAIN
BGD	BANGLADESH
BRB	BARBADOS
BLR	BELARUS
BEL	BELGIUM
BLZ	BELIZE
BEN	BENIN
BMU	BERMUDA
BOL	BOLIVIA
BIH	BOSNIA-HERZEGOVINA
BWA	BOTSWANA
BRA	BRAZIL
BRN	BRUNEI DARUSSALAM
BGR	BULGARIA
BFA	BURKINA FASO
BUR	BURUNDI
CMR	CAMEROON
CAN	CANADA
CAF	CENTRAL AFRICAN REPUBLIC
TCD	CHAD
CHL	CHILE
CHN	CHINA
CHT	CHINESE TAIPEI
COG	CONGO, REPUBLIC
COL	COLOMBIA
CRI	COSTA RICA
CIV	COTE D'IVOIRE
HRV	CROATIA
CUB	CUBA
CYP	CYPRUS
CZE	CZECH REPUBLIC
DNK	DENMARK
DJI	DJIBOUTI
DMA	DOMINICA
DOM	DOMINICAN REPUBLIC
EEC	EUROPEAN COMMUNITY
ECU	ECUADOR
EGY	EGYPT
SLV	EL SALVADOR
EST	ESTONIA
FJI	FIJI
FIN	FINLAND
FRA	FRANCE
MKD	FORMER YUGOSLAV REPUBLIC OF MACEDONIA
GAB	GABON
GMB	GAMBIA
GEO	GEORGIA
DEU	GERMANY
GHA	GHANA
GRC	GREECE
GRD	GRENADA
GTM	GUATEMALA
GNB	GUINEA-BISSAU
GIN	GUINEA, REP. OF
GUY	GUYANA
HTI	HAITI
HND	HONDURAS
HKG	HONG KONG
HUN	HUNGARY
ISL	ICELAND
IND	INDIA
IDN	INDONESIA
IRN	IRAN
IRQ	IRAQ
IRL	IRELAND
ISR	ISRAEL
ITA	ITALY
JAM	JAMAICA
JPN	JAPAN
JOR	JORDAN
KAZ	KAZAKHSTAN
KEN	KENYA
KOR	KOREA
KWT	KUWAIT
KGZ	KYRGYZSTAN
LVA	LATVIA
LBN	LEBANON
LSO	LESOTHO
LIE	LIECHTENSTEIN
LTU	LITHUANIA
LUX	LUXEMBOURG
MAC	MACAU
MDG	MADAGASCAR
MWI	MALAWI
MYS	MALAYSIA
MDV	MALDIVES
MLI	MALI
MLT	MALTA
MRT	MAURITANIA
MUS	MAURITIUS
MEX	MEXICO
MDA	MOLDOVA, REP. OF
MNG	MONGOLIA
MAR	MOROCCO
MOZ	MOZAMBIQUE
NAM	NAMIBIA
NLD	NETHLANDS
NZL	NEW ZEALAND
NIC	NICARAGUA
NER	NIGER
NGA	NIGERIA
NOR	NORWAY
OMN	OMAN
PAK	PAKISTAN
PAN	PANAMA
PNG	PAPUA NEW GUINEA
PRY	PARAGUAY
PER	PERU
PHL	PHILIPPINES
POL	POLAND
PRT	PORTUGAL
PRI	PUERTO RICO
QUT	QATAR
ROM	ROMANIA
RUS	RUSSIAN FEDERATION
RWA	RWANDA
KNA	SAINT KITTS & NEVIS
LCA	SAINT LUCIA
SAU	SAUDI ARABIA
SEN	SENEGAL
SYC	SEYCHELLES
SLE	SIERRA LEONE
SGP	SINGAPORE
SVK	SLOVAK REPUBLIC
SVN	SLOVENIA
ZAF	SOUTH AFRICA
ESP	SPAIN
LKA	SRI LANKA
VCT	SAINT VINCENT & GRENADINES
SDN	SUDAN
SUR	SURINAME
SWE	SWEDEN
CHE	SWITZERLAND
TJK	TAJIKISTAN
TZA	TANZANIA
THA	THAILAND
TGO	TOGO
TTO	TRINIDAD & TOBAGO
TUN	TUNISIA
TUR	TURKEY
TKM	TURKMENISTAN
UGA	UGANDA
UKR	UKRAINE
ARE	UNITED ARAB EMIRATES
GBR	UNITED KINGDOM
USA	UNITED STATES
URY	URUGUAY
UZB	UZBEKISTAN
VUT	VANUATU
VEN	VENEZUELA
VNM	VIET NAM
ZAR	ZAIRE
ZMB	ZAMBIA
ZWE	ZIMBABWE

SECTION XII

REPORT OF THE COMMITTEE ON IMPORT LICENSING

WORLD TRADE ORGANIZATION

G/L/127
30 October 1996

(96-4564)

Committee on Import Licensing

REPORT OF THE COMMITTEE ON IMPORT LICENSING

A. Background

1. The Agreement on Import Licensing Procedures (the Agreement) entered into force on 1 January 1995. This report, drawn up in accordance with the statement made by the Chairman of the General Council at its meeting on 16 April 1996 with regard to "Reporting Procedures for the Singapore Ministerial Conference" (WT/L/145), addresses the work undertaken by the Committee on Import Licensing (the Committee) during 1995 and 1996 in respect of the implementation of the Agreement.

2. The Agreement establishes disciplines on the users of import licensing systems with the principal objective of ensuring that the procedures applied for granting import licences do not in themselves restrict trade. It aims to simplify, clarify and minimize the administrative requirements necessary to obtain import licences.

3. During the period under consideration, the Committee held four meetings on 3 May and 12 October 1995, and on 8 March and 23 October 1996 (G/LIC/M/1-4). It elected Mr. Calson Mbegabolawe (Zimbabwe) as Chairman and Mr. Jan Michalek (Poland) as Vice-Chairman for 1995, and re-elected them for 1996.

4. Participation in the Committee is open to all Members of the WTO. Governments granted observer status by the WTO General Council as well as the representatives of the IMF, UNCTAD and the World Bank attended meetings of the Committee as observers.

5. At its meeting on 12 October 1995, the Committee adopted its Rules of Procedure which were subsequently approved by the Council for Trade in Goods.

B. Implementation of the Agreement

6. During the period covered, the Committee adopted procedures for notification and reviews under the Agreement. As concerns the annual notifications provided for in Article 7.3, it agreed on revisions to the Questionnaire on Import Licensing Procedures and established a time-limit of 30 September to submit these notifications (G/LIC/M/2).

7. To date, 30 Members (the European Communities and its member States counted as one) have notified their legislation and/or publications pursuant to Articles 1.4(a) and/or 8.2(b) of the Agreement; 29 Members have submitted replies to the Questionnaire on Import Licensing Procedures pursuant to Article 7.3; eight Members have notified the institution of import licensing procedures or changes therein pursuant to Article 5. The Chairman of the Committee repeatedly expressed concern that many Members have not yet complied with the mandatory notification requirements of Articles 1.4(a), 8.2(b) and 7.3, and urged those Members which have not yet done so to submit their notifications without further delay. Members which do not apply import licensing procedures or have no laws or regulations relevant to the Agreement were also requested to notify the Committee of this fact so that a complete picture can be obtained. The Annex reflects the current status of notifications.

8. Under Articles 1.4(a) and/or 8.2(b) of the Agreement, the Committee received notifications of laws and regulations relevant to import licensing applicable in Argentina, Australia, Barbados, Canada, Chile, Colombia, Costa Rica, Cuba, Cyprus, the European Communities, Hong Kong, Hungary, Jamaica, Japan, Malta, Mauritius, Morocco, New Zealand, Nicaragua, Norway, Pakistan, Peru, Romania, Singapore, Swaziland, Turkey, Uganda, United States, Uruguay and Zimbabwe.

9. Under Article 7.3 of the Agreement, the Committee received replies to the Questionnaire on Import Licensing Procedures from Argentina, Australia, Barbados, Bolivia, Canada, Chile, Colombia, Costa Rica, Cyprus, Ecuador, Hong Kong, Hungary, India, Japan, Korea, Malta, Mauritius, Morocco, New Zealand, Nigeria, Norway, Peru, Philippines, Romania, Singapore, Trinidad and Tobago, Turkey, Uruguay and the United States.

10. The Committee further received notifications relating to the institution of import licensing procedures or changes in these procedures submitted by Argentina, the European Communities, Hong Kong, Japan, Malaysia, Nigeria, Pakistan and Romania.

11. The Committee took note of the invocation of the provisions of footnote 5 to Article 2.2 by 24 developing country Members. This invocation enables developing countries which were not Parties to the Tokyo Round Agreement on Import Licensing Procedures to delay the application of the provisions of subparagraphs 2.2(a)(ii) and (a)(iii) linked to automatic import licensing by not more than two years from the date of WTO Membership.

12. As concerns substantive issues arising from notifications of import licensing procedures which could be raised by Members, the Committee reached an understanding on review procedures in general with a view to facilitating and speeding up the review of notifications and minimizing any delays in providing clarifications or responses to such queries concerning notifications (G/LIC/4).

13. The Committee agreed that all import licensing procedures that fall under this Agreement should be notified to the Committee on Import Licensing (G/LIC/M/2, paragraphs 21-23).

14. The Committee took note of a request by the United States, Guatemala, Honduras and Mexico for consultations with the European Communities under, *inter alia*, the Agreement on Import Licensing Procedures, concerning the EC regime for the importation, sale and distribution of bananas (G/LIC/M/2).

15. The Committee also took note of a Decision by the General Council on the "Avoidance of Procedural and Institutional Duplication" (WT/L/29).

16. The Committee conducted its first biennial review of the implementation and operation of the Agreement under Article 7.1 on the basis of a factual report prepared by the Secretariat (G/LIC/5 and G/LIC/M/4).

C. Conclusions and Recommendations

17. As regards the implementation of the Agreement, the Committee established its Rules of Procedure, agreed on procedures for notification and biennial reviews, reached an understanding on review procedures in general to deal with queries by Members in respect of notifications, and received notifications of laws, regulations and import licensing procedures from some Members. The overall compliance with notification obligations has not been satisfactory.

18. The Committee recognizing the importance of notifications for the effective implementation and functioning of the Agreement, and noting the paucity of mandatory notifications received so far, recommends adherence by Members to these obligations.

ANNEX

(i) Notifications of legislation and/or publications (Articles 1.4(a) and/or 8.2(b)) received from: (30) (G/LIC/N/1/- series)

Argentina	Hong Kong	Pakistan
Australia	Hungary	Peru
Barbados	Jamaica	Romania
Canada	Japan	Singapore
Chile	Malta	Swaziland
Colombia	Mauritius	Turkey
Costa Rica	Morocco	Uganda
Cuba	New Zealand	United States
Cyprus	Nicaragua	Uruguay
EC	Norway	Zimbabwe

(ii) Replies to the Questionnaire on Import Licensing Procedures (Article 7.3) received from: (29) (G/LIC/N/3/- series)

Argentina	Hong Kong	Norway
Australia	Hungary	Peru
Barbados	India	Philippines
Bolivia	Japan	Romania
Canada	Korea	Singapore
Chile	Malta	Trinidad & Tobago
Colombia	Mauritius	Turkey
Costa Rica	Morocco	United States
Cyprus	New Zealand	Uruguay
Ecuador	Nigeria	

(iii) Notifications of institution of import licensing procedures or changes therein (Article 5) received from: (8) (G/LIC/N/2/- series)

Argentina	Malaysia
EC	Nigeria
Hong Kong	Pakistan
Japan	Romania

(iv) Developing countries which have invoked the two-year delayed application provisions (footnote 5 to Article 2.2): (24) (G/LIC/1 and Adds.1-3)

Bangladesh (as from 1.1.95)	Dominican Republic (9.3.95)	Myanmar (1.1.95)
Bolivia (13.9.95)	El Salvador (7.5.95)	Sri Lanka (1.1.95)
Brazil (1.1.95)	Gabon (1.1.95)	Thailand (1.1.95)
Burkina Faso (3.6.95)	Guatemala (21.7.95)	Tunisia (29.3.95)
Cameroon (13.12.95)	Honduras (1.1.95)	Turkey (26.3.95)
Colombia (30.4.95)	Indonesia (1.1.95)	United Arab Emirates (10.4.96)
Costa Rica (1.1.95)	Kenya (1.1.95)	Uruguay (1.1.95)
Côte d'Ivoire (1.1.95)	Malaysia (1.1.95)	Venezuela (1.1.95)

SECTION XIII

REPORT OF THE WORKING PARTY ON STATE TRADING ENTERPRISES

WORLD TRADE ORGANIZATION

G/L/128
28 October 1996

(96-4496)

REPORT (1996) OF THE WORKING PARTY ON STATE TRADING ENTERPRISES

I. Organization of the work of the Working Party

1. The Working Party on State Trading Enterprises was established by the Council for Trade in Goods at its meeting on 20 February 1995 pursuant to paragraph 5 of the Understanding on the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994 (hereinafter "the Understanding"). Membership of the Working Party is open to all Members indicating their wish to serve on it. Observer governments in the General Council of the WTO have observer status in the Working Party. During the period under review, Mr. Peter May (Australia) served as Chairman of the Working Party.

2. The mandate of the Working Party, as set out in paragraph 5 of the Understanding, is: (1) to review notifications and counter-notifications on state trading; (2) to review, in the light of the notifications received, the adequacy of the questionnaire on state trading (BISD 9S/184-185) and the coverage of state trading enterprises notified under paragraph 1 of the Understanding; and (3) to develop an illustrative list showing the kinds of relationships between governments and enterprises, and the kinds of activities, engaged in by these enterprises, which may be relevant for the purposes of Article XVII.

3. This report is submitted under paragraph 5 of the Understanding. It sets out the activities of the Working Party during the period under review (December 1995 - October 1996).

4. Participants in the Working Party's meetings to date are: Argentina, Australia, Bangladesh, Brazil, Brunei Darussalam, Canada, Chile, Colombia, Costa Rica, Cuba, Cyprus, Czech Republic, Egypt, El Salvador, European Communities and their member States, Hong Kong, Honduras, Hungary, India, Indonesia, Israel, Japan, Korea, Malaysia, Malta, Mauritius, Mexico, Morocco, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Romania, Singapore, Slovak Republic, South Africa, Switzerland, Thailand, Turkey, United States, Uruguay, Venezuela and Zambia. China, Chinese Taipei, Russian Federation and Vietnam participated as observers.

5. The Working Party held four formal meetings during the period under review: on 20 February 1996, 27 June 1996, 26 September 1996 and 24 October 1996. The Minutes of the Working Party's meetings are contained in documents G/STR/M/3 to 6. In addition, the Chairman convened four informal meetings with the objective of advancing work on the tasks mandated to the Working Party in the Understanding, and one informal meeting regarding the Working Party's report to the Council for Trade in Goods.

6. The meeting of the Working Party held on 24 October 1996 was for the purpose of adopting its report to the Council for Trade in Goods.

II. Notification and review of Members' state trading activities

7. All Members are required under Article XVII of GATT 1994 and paragraph 1 of the Understanding to submit annually notifications of their state trading activities. In the first and fourth years, "new and full" notifications are required, while in the intervening years an updating notification is to be made indicating any changes since the full notification. At each of the first three meetings, the Chairman made a statement concerning the unsatisfactory record of compliance with the notification requirements in the area of state trading, and the need for greater transparency in the trade conducted by state trading enterprises.

8. Since the first request for "new and full" notifications of state trading enterprises was circulated (in March 1995), such notifications have been received from 45 Members, counting the European Communities and their member States as one. Updating notifications for 1996 have been received from 16 Members. (*see* the Annex to this report)

9. At its meeting on 20 February 1996, the Working Party conducted a review of new and full notifications from the following Members: Chile, Colombia, European Communities, India, Norway, Switzerland, Hungary, Guinea and Honduras. It also reverted to several earlier notifications. A central issue that emerged in the course of the reviews was whether entities that did not engage in trade but whose activities might have an impact on trade should be notified. Many of the questions raised on specific notifications indicated varying interpretations of what constituted notifiable state trading, and in turn emphasized the need to accelerate work on revision of the questionnaire and development of an illustrative list. The need for more complete and precise responses to the questionnaire was stressed as a fundamental aspect of the notification obligation.

10. At its meeting on 27 June 1996, the Working Party conducted a review of new and full notifications from Morocco and Pakistan, and reverted to numerous earlier notifications. Many delegations raised further questions on notifications previously reviewed at earlier meetings, with a continuing emphasis on both the specifics of the notifications and on the underlying interpretations of what was required to be notified.

11. At its meeting on 26 September 1996, the Working Party conducted a review of new and full notifications from Barbados, Brazil and Malta, and reviewed updating notifications from the following Members: Australia, Canada, Chile, European Communities, Hong Kong, New Zealand, Norway, Singapore, Switzerland and the United States.

III. Mandated work programme of the Working Party

12. Regarding its mandated work programme, the Working Party decided at its meeting on 20 February that substantive work on the revision of the 1960 questionnaire on state trading and the development of an illustrative list would be taken up in informal consultations open to any Member wishing to participate.

13. At the meeting on 27 June, the Chairman reported to the Working Party on the four informal consultations he had held on the two issues. The Working Party considered a draft text of a revised questionnaire (G/STR/W/30) - which in part reflected discussions in the informal consultations and which had been circulated as a Chairman's text - and agreed to pursue discussion of this draft text and to continue work on an illustrative list, in informal consultations. The Chairman encouraged Members, in the light of the timeliness and importance of these two tasks, to redouble their efforts for progress in these areas. Views were expressed concerning the need to move rapidly and in tandem on the two issues, as each was inextricably linked to the other and both were fundamental to improving transparency in the area of state trading. The need to craft a questionnaire that would elicit the relevant

information while avoiding duplication and unnecessary information was stressed. One problem facing the Working Party in finalizing the questionnaire was the divergent views expressed on the provision of commercially sensitive information.

14. At its meeting of 26 September, the Working Party discussed written proposals submitted by New Zealand (G/STR/W/31) and the United States (G/STR/W/32) regarding the illustrative list of relationships and activities of state trading enterprises. The submissions were deemed a positive contribution to work on this issue and a good basis for further progress. Preliminary views were expressed that a clearer understanding of what should be notified would assist Members in complying with their obligations and would stimulate an increase in transparency. It was suggested that work should be accelerated on the revised questionnaire and the illustrative list. The link between these two tasks, and the need for them to progress rapidly and in parallel, was again stressed. It was agreed that work on the questionnaire would continue on the basis of the text in G/STR/W/30.

IV. Other Matters

15. At the meeting of 26 September, the European Communities submitted a paper (G/STR/W/33) outlining suggestions for future work to be undertaken by the Working Party, including an examination of whether Article XVII and the Understanding needed further strengthening. It was explained that the intent of the paper was not to renegotiate Article XVII, but simply to start a discussion in the Working Party on the adequacy of the current WTO disciplines on state trading. This delegation suggested that in this sense, while the Working Party continued to pursue the work mandated in the Understanding, the Council for Trade in Goods could assign this task to the Working Party. While a number of delegations supported the proposal in varying degrees, several other delegations were of the view that what was suggested in the paper went beyond the mandate of the Working Party, and that given the current state of work in the Working Party, was for the time being pre-mature. The European Communities indicated its intention to raise this matter at the next meeting of the Council for Trade in Goods.

V. Recommendations

16. In light of its desire to complete expeditiously the review of the questionnaire and the development of an illustrative list, the Working Party recommends to the Council for Trade in Goods that the Council urge all Members to fulfil their notification obligations under Article XVII and the Understanding without delay.

ANNEX

NOTIFICATIONS SUBMITTED BY WTO MEMBERS UNDER ARTICLE XVII:4(a) OF GATT 1994 AND PARAGRAPH 1 OF THE WTO UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XVII

Status as of 17 October 1996

Member	New and Full Notification	Updating Notification
Antigua and Barbuda		
Argentina	X	
Australia	X	X
Bahrain		
Bangladesh		
Barbados	X	
Belize		
Benin		
Bolivia		
Botswana		
Brazil	X	
Brunei Darussalam		
Burkina Faso		
Burundi		
Cameroon		
Canada	X	X
Central African Republic		
Chile	X	X
Colombia	X	X
Costa Rica	X	
Côte d'Ivoire	X	
Cuba		
Cyprus	X	
Czech Republic	X	
Djibouti		
Dominica		
Dominican Republic		
European Communities	X	X
Ecuador		
Egypt		

Member	New and Full Notification	Updating Notification
El Salvador		
Fiji		
Gabon		
Ghana		
Grenada		
Guatemala		
Guinea Bissau		
Guinea, Rep. of	X	
Guyana		
Haiti		
Honduras	X	
Hong Kong	X	X
Hungary	X	
Iceland		
India	X	
Indonesia	X	X
Israel	X	
Jamaica	X	
Japan	X	X
Kenya		
Korea	X	
Kuwait		
Lesotho		
Liechtenstein		
Macau	X	
Madagascar		
Malawi		
Malaysia	X	
Maldives		
Mali		
Malta	X	
Mauritania		
Mauritius	X	
Mexico		
Morocco	X	
Mozambique		

Member	New and Full Notification	Updating Notification
Myanmar		
Namibia		
New Zealand	X	X
Nicaragua		
Nigeria		
Norway	X	X
Pakistan	X	
Pap. New Guinea		
Paraguay		
Peru	X	
Philippines	X	
Poland	X	
Qatar		
Romania	X	
Rwanda		
Saint Kitts & Nevis		
Saint Lucia		
Saint Vincent & Grenadines		
Senegal		
Sierra Leone		
Singapore	X	X
Slovak Republic	X	X
Slovenia	X	
Solomon Islands		
South Africa	X	X
Sri Lanka		
Suriname		
Swaziland		
Switzerland	X	X
Tanzania		
Thailand	X	X
Togo		
Trinidad & Tobago		
Tunisia		
Turkey	X	
Uganda		

Member	New and Full Notification	Updating Notification
United Arab Emirates	X	
United States	X	X
Uruguay	X	
Venezuela	X	
Zambia		
Zimbabwe		
Total*	**45/108**	**16/108**

SECTION XIV

REPORT OF THE COMMITTEE ON SAFEGUARDS

WORLD TRADE ORGANIZATION

G/L/129
29 October 1996

(96-4500)

Committee on Safeguards

REPORT (1996) OF THE COMMITTEE ON SAFEGUARDS

I. Organization of the work of the Committee

1. The Agreement on Safeguards entered into force on 1 January 1995. Pursuant to Article 13.1 of the Agreement, membership in the Committee on Safeguards is open to the participation of any Member indicating its wish to serve on it. Pursuant to a decision of the Council for Trade in Goods at its 20 February 1995 meeting, all WTO Members would be Members of the Committee on Safeguards, except for those that had explicitly indicated their wish to the contrary by 22 February 1995. No Member indicated such a wish, and accordingly, at its meeting of 24 February, the Committee took note that, by virtue of the Council for Trade in Good's decision, all Members of the WTO are Members of the Committee.

2. Observer governments in the General Council of the WTO have Observer status in the Committee. In addition, at its special meeting of 13-14 July 1995, the Committee invited, on an *ad hoc* basis, representatives of the World Bank, OECD, and IMF to attend meetings of the Committee in an observer capacity. At its regular meeting on 25 October 1996, the Committee took note of the decision of the General Council regarding the status of international organizations as Observers to the WTO and authorized the Chairman to consult informally on which international intergovernmental organizations would be granted observer status in the Committee. Pending the outcome of such consultations, the Committee agreed to continue to invite those organizations which had been following the Committee's meetings on an ad hoc basis.

3. The focus of this report is on the period since the Committee's last annual report (G/L/32), that is, November 1995-October 1996. However, where relevant, information from the previous period is reported. During the period under review the Committee held three meetings. The regular meeting of the Committee was held on 25 October 1996 (G/SG/M/7). Special meetings of the Committee were held 11-12 December 1995 and 6 May 1996 (G/SG/M/5+ Suppls. 1 and 2, and G/SG/M/6, respectively).

4. Mr. Jorge A. Ruiz (Argentina) was appointed Chairman of the Committee for 1995-1996. At its meeting of 24 February 1995, the Committee decided to elect its own officers, Chairman and Vice-Chairman. The Committee at its special meeting of 13-14 July 1995 elected Mr. Andràs Lakatos (Hungary) as Vice-Chairman for 1995-1996. At its special meeting of 6 May 1996, the Committee elected Mr. J. Antonio S. Buencamino (Philippines) as Chairman, and Ms. Laurence Wiedmer (Switzerland) as Vice-Chairman, for 1996-1997. Pursuant to the Committee's rules of procedure, Mr. Buencamino and Ms. Wiedmer took office at the end of that meeting.

5. At its special meeting of 6 May 1996, the Committee agreed to add a second regular (Spring) meeting to its annual meeting schedule. This meeting will be scheduled in conjunction with the Spring meetings of the Committees on Anti-Dumping Practices and Subsidies and Countervailing Measures.

6. At its special meeting of 6 May 1996, the Committee adopted Rules of Procedure for Meetings of the Committee on Safeguards (G/SG/4), based on the Rules of the General Council and of the Council

for Trade in Goods, and incorporating relevant changes to make them applicable to the Committee. The Council for Trade in Goods subsequently approved the Committee's Rules of Procedure at its meeting of 22 May 1996.

II. Notification and examination of safeguards laws and/or regulations of Members

7. In the area of safeguards, WTO rules are implemented through Members' national legislation. Pursuant to Article 12.6 of the Agreement, as amplified by a decision of the Committee, Members with available legislation and/or regulations regarding safeguards investigations or reviews covered by the Agreement should notify the full and integrated text of the relevant legislation and/or regulations to the Committee. If such legislation and/or regulations do not exist or are not available, the Member should inform the Committee of this fact, and in the case of non-availability, explain the reasons therefor. These notifications have been treated as unrestricted documents from the outset. In addition, the Committee decided at its special meeting of 24 February 1995 that Observer governments should provide the Committee with any information the Observer governments consider relevant to matters within the purview of the Agreement, including the text of their laws and regulations regarding safeguard actions, and information regarding any safeguard measures taken by the Observer governments.

8. As of 25 October 1996, 65 Members[1] had notified the Committee of their domestic safeguards legislation or made communications in this respect to the Committee (G/SG/N/1 and addenda). Forty-five Members had not, as of that date, made notifications under Article 12.6 of the Agreement, although the deadline for such notifications was 15 March 1995. The Annex lists the status of notifications under Article 12.6 of the Agreement. The issue of the extent of the non-compliance with this notification obligation, and the implications of this situation, were discussed at meetings of the Committee during the review period (G/SG/M/6, paras. 29-30; and G/SG/M/7).

9. Of the 65 Members submitting notifications, 36 notified that they had no specific legislation relating to safeguards, 9 notified new legislation, and 20 notified pre-WTO legislation still in force. Of the 56 Members notifying either no safeguards legislation or pre-WTO legislation still in force, 20 indicated that new legislation is being considered or drafted. In addition, 13 Members indicated that the WTO Agreement has force of law in the territory of the Member.

10. During the period under review, the Committee continued the work of reviewing the notifications of new or amended safeguards legislation and/or regulations begun in 1995. In addition to the legislations and notifications without legislative text reviewed during the previous period, the Committee reviewed the legislative notifications of the following Members: Argentina, Brazil, Cuba, Ecuador, El Salvador, Hungary, Israel, Japan, Macau, Mexico, Norway, St. Lucia, South Africa, and Turkey.

11. The Committee also reviewed the notifications without legislative text of the following Members during the period: Australia, Bolivia, Côte d'Ivoire, Dominican Republic, El Salvador, Guatemala, Guinea (Rep. of), Honduras, Iceland, India, Kenya, Malaysia, Maldives, Malta, Mauritius, Morocco, Myanmar, Nicaragua, Nigeria, Pakistan, Paraguay, Philippines, Poland, Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand, Trinidad & Tobago, Tunisia, Uruguay, Zambia, and Zimbabwe.

12. The substance of the review of legislative notifications is reflected in the written questions put to Members and the written answers to those questions. References to the questions and answers pertaining to each notification can be found in the minutes of the meetings at which the notifications were reviewed (G/SG/M/5+ Suppls.1 and 2, G/SG/M/6 and G/SG/M/7).

[1]Counting the EC as a single Member for purposes of the legislative notification.

13. As of early May 1996, the Committee had conducted an initial review of almost all notifications received to that point, in four special meetings. The Committee therefore decided that for the immediate future, review of legislative notifications should take place in the context of regular Committee meetings, rather than in special meetings called for that purpose.

14. The Committee adopted procedures for future reviews of legislative notifications (G/SG/W/116). The procedures for follow-up review of previously-reviewed legislation would be based on a process of written questions and answers, to facilitate productive discussions during the review sessions. The procedures for review of new and amended legislations would be the same as those used during the special meetings to review legislation.

15. Not all written questions put to Members during the course of the legislative review meetings had been answered at the end of the period under review. Nonetheless, the Chairman expressed satisfaction with the review process. Questions put to Members ranged from those regarding general, policy matters to very specific and highly technical questions of national administration of safeguard measures. Among the concerns raised by Members were perceived inconsistencies between the Agreement and both newly-enacted legislation and legislation enacted prior to the entry into force of the Agreement. In addition, Members expressed concern regarding the potential for actions inconsistent with the Agreement if such actions are based on legislation enacted prior to the entry into force of the Agreement. Another concern was the complexity of the procedural and substantive requirements of the Agreement, and the need for significant training and education, particularly for new users of safeguard measures including developing countries, to ensure that actions were taken consistently with the Agreement.

III. Notifications of pre-existing Article XIX measures

16. During the review period, the Committee continued its review of measures covered by Article 10 of the Agreement, *i.e.* pre-existing Article XIX safeguard measures, which are subject to notification pursuant to Article 12.7 of the Agreement. These notifications can be found in document series G/SG/N/2. In particular, at its 11-12 December 1995 meeting, the Committee reverted to its discussion of the notifications of such measures that it had commenced at its 6 November 1995 regular meeting. The comments of Members with respect to these notifications are reflected in the minutes of Committee meetings (G/SG/M/3, paras. 25-35; and G/SG/M/5, paras. 4-15). In connection with this review, it was noted that very few pre-existing Article XIX safeguard measures had been notified. The question was raised whether this meant that in fact only a small number of such measures existed, or whether it might reflect a failure to notify. The possibility of counternotification of such measures, pursuant to Article 12.8 of the Agreement, was recalled.

17. At the 6 May special meeting, the representative of Nigeria indicated that Nigeria would notify to the Committee its pre-existing Article XIX measures which had been discussed during its balance-of-payments review earlier in the year (G/SG/M/6, paras. 42-43). As of the 25 October 1996 regular meeting, this notification had not been received.

IV. Notifications under Article 12.7 of measures subject to the prohibition and elimination of certain measures under Article 11.1

18. During the review period, the Committee continued its review of so-called "grey area" measures. These notifications can be found in document series G/SG/N/3. In particular, at its 11-12 December 1995 meeting, the Committee reverted to its discussion of the notifications of such measures that it had commenced at its 6 November 1995 regular meeting. The comments of Members with respect to these notifications are reflected in the minutes of Committee meetings (G/SG/M/3, paras. 38-56; and

G/SG/M/5, paras. 4-15). In connection with this review, it was noted that very few grey area measures had been notified. The question was raised whether this meant that in fact only a small number of such measures existed, or whether it might reflect a failure to notify. The possibility of counternotification of such measures, pursuant to Article 12.8 of the Agreement, was recalled.

V. Notifications under Article 11.2 of timetables for phasing out measures referred to in Article 11.1(b) or for bringing them into conformity with the Agreement.

19. During the review period, the Committee continued its review of timetables for the phasing out of "grey area" measures. These notifications can be found in document series G/SG/N/5. These timetables should provide for all such measures to be phased out or brought into conformity with the Agreement within four years after the date of entry into force of the WTO Agreement, subject to not more than one exception per importing Member, which may extend until 31 December 1999.[2] At its 11-12 December 1995 special meeting, the Committee reverted to its discussion of the notifications of timetables that it had commenced at its 6 November 1995 regular meeting. Subsequently, Slovenia and South Africa, which had notified that they had relevant measures, submitted notifications of their timetables for phasing out the measures or bringing them into conformity with the Agreement, and the EC submitted a supplement to its previously-notified timetables. The first of these notifications was reviewed at the Committee's 6 May 1996 special meeting, and the latter two at the 25 October 1996 regular meeting. The comments of Members with respect to these notifications are reflected in the minutes of Committee meetings (G/SG/M/3, paras. 57-59; G/SG/M/5, paras. 4-15; G/SG/M/6, paras. 3-6; and G/SG/M/7).

VI. Notifications under Article 12.1 of initiation of an investigation, making a finding, or applying or extending a safeguard measure

20. Under Article 12.1 of the Agreement, Members are required to immediately notify the Committee upon initiating an investigatory process relating to serious injury or threat thereof and the reasons for it, upon making a finding of serious injury or threat thereof caused by increased imports, and upon taking a decision to apply or extend a safeguard measure.

21. At its 11-12 December 1995 special meeting, the Committee reverted to its review of notifications under Article 12.1(a) of initiations of investigations from Korea and the United States that it had commenced at its regular meeting of 6 November 1995. (G/SG/N/6/KOR+ Suppl.1 and G/SG/N/6/USA.) Subsequently, additional notifications of initiations of investigations were received, from Brazil, Korea and the United States. (G/SG/N/6/BRA/1, G/SG/N/6/KOR/2 and KOR/3, and G/SG/N/6/USA/2 and USA/3.) These notifications were reviewed at the Committee's 6 May 1996 special meeting and 25 October 1996 regular meeting. The comments of Members with respect to these notifications are reflected in the minutes of Committee meetings (G/SG/M/3, paras. 5-24; G/SG/M/5, paras. 4-15; G/SG/M/6, paras. 7-11; and G/SG/M/7).

22. During the review period, a notification under Article 12.1(b) of a finding of serious injury or threat thereof caused by increased imports was received from the United States (G/SG/N/8/USA/1). This notification was reviewed at the Committee's 25 October 1996 regular meeting. The comments of Members with respect to this notification are reflected in the minutes of this meeting (G/SG/M/7).

[2]Only one such exception exists, *i.e.*, the EC's measure indicated in the Annex to the Agreement. All other Members had the opportunity to notify, within 90 days of the entry into force of the WTO Agreement, (i.e., not later than 31 March 1995), a single such exception. No such notifications were received.

23. During the review period, a notification under Article 12.1(c) was received from Brazil concerning application of a provisional safeguard measure (G/SG/N/7/BRA/1). This notification was reviewed at the Committee's 25 October 1996 regular meeting. The comments of Members with respect to the notification are reflected in the minutes of this meeting (G/SG/M/7).

VII. Notifications under Article 12.5 Concerning Consultations Pursuant to Articles 12.3 and 12.4

24. Article 12.5 of the Agreement requires that Members notify the Council for Trade in Goods (through the Committee on Safeguards, per Article 12.10) of the results of consultations undertaken pursuant to Articles 12.3 and 12.4 of the Agreement, *i.e.*, pertaining to the imposition of safeguard measures or provisional safeguard measures, respectively. During the review period, one such notification was received, from Brazil, regarding the results of its consultations with the EC on Brazil's provisional safeguard measure (G/SG/5-G/L/110). This notification was reviewed at the Committee's 25 October 1996 regular meeting. The comments of Members with respect to the notification are reflected in the minutes of this meeting (G/SG/M/7).

VIII. Formats for notifications

25. At its 24 February 1995 special meeting, the Committee approved a series of suggested formats for the various notification obligations under the Agreement. These formats were originally circulated in document G/SG/W/1. Subsequently, certain of the formats were recirculated individually in documents G/SG/N/1-N/6. During the review period, the remaining formats were recirculated in document G/SG/1.

26. At its 6 May 1996 special meeting, the Committee adopted a format for notification of termination of a safeguards investigation where no safeguard measure is imposed. Although the Agreement does not require such notifications, the Committee decided that it would be desirable for transparency purposes to establish a mechanism for Members to communicate to the Committee that they had terminated or concluded an investigation which had been initiated and notified to the Committee under the Agreement, but which had not resulted in imposition of safeguard measures. The adopted format was circulated in document G/SG/2.

27. During the period under review, a notification of termination of a safeguard investigation where no safeguard measure is imposed was received from the United States (G/SG/N/9/USA/1). This notification was reviewed at the 25 October 1996 meeting of the Committee (G/SG/M/7).

IX. Other matters discussed by the Committee

28. Procedures for preparation and adoption of Annual Report: At its 6 May 1996 special meeting, the Committee considered the procedures for the preparation and adoption of its annual report adopted at its first meeting in February 1995, in light of suggestions from the Chairman of the General Council. The Committee decided that the Secretariat should prepare a draft report in the same format as had been used in the previous year's report, incorporating from that report those aspects of implementation that would help explain the progress that the Committee had made. The draft report would be circulated to Members in late September or early October, at which time the Committee would have to decide whether it should meet informally in advance of the regular October meeting to discuss any additional matters for inclusion in the report.

29. Progress in phasing out pre-existing measures: In accordance with a decision at its special meeting of 24 February 1995, Members reported to the Committee, at the 25 October regular meeting, as to their progress in phasing out pre-existing Article XIX measures and measures subject to prohibition and elimination under Article 11.1 of the Agreement. The comments of Members on this subject are reflected in the minutes of the meeting (G/SG/M/7).

30. Assistance under Article 13.1(b), (c) and (d): Pursuant to a decision of the Committee at its 6 November 1995 meeting, requests for assistance on matters referred to in Article 13.1(b), (c) and (d) are to be handled on an *ad hoc* basis. During the review period, no such requests were received by the Committee.

X. Concluding observations

31. The Committee considered that, in general, good progress had been made in the first two years in implementing the Agreement. However, the Committee considered that much remained to be done, and that additional efforts from Members were required in order to achieve full implementation of the Agreement.

32. The Committee observed that one of its major tasks during the first two years of the Agreement had been to review the domestic safeguards legislations notified by Members. The review exercise indicated that implementation in this regard was less than complete. Not all Members that are current or potential users of safeguard measures had completed the domestic legislative processes to incorporate the relevant requirements of the Agreement. Thus, further efforts were required in order to ensure substantive implementation of the Agreement. In addition, during the meetings to review notifications of legislation, a variety of issues regarding the WTO-consistency of notified legislation was raised. The meetings provided Members with an opportunity to seek clarification of issues arising out of other Members' legislation. Generally, Members were able to clarify the issues raised. Both Members notifying legislation and those submitting questions generally found the process helpful and wished to continue this work in the Committee. The Committee viewed it as extremely important that Members carefully consider all questions posed, comments made and replies provided in the context of these review sessions.

33. The Committee noted that the procedural and substantive requirements of the new Agreement were detailed, and that its implementation required substantial expertise and the commitment of substantial resources by Members. The Committee considered that maximum efforts should be made to assist Members, and in particular developing country Members, to achieve full implementation of the Agreement.

ANNEX
SAFEGUARDS LEGISLATIVE NOTIFICATIONS

MEMBER	NOTIFICATION PROVIDED
Antigua and Barbuda	
Argentina	G/SG/N/1/ARG/3
Australia	G/SG/N/1/AUS/1
Bahrain	
Bangladesh	
Barbados	
Belize	
Benin	
Bolivia	G/SG/N/1/BOL/1
Botswana	
Brazil	G/SG/N/1/BRA/3
Brunei Darussalam	
Burkina Faso	
Burundi	
Cameroon	
Canada	G/SG/N/1/CAN/2
Central African Republic	
Chad	
Chile	G/SG/N/1/CHL/1
Colombia	G/SG/N/1/COL/1
Costa Rica	G/SG/N/1/CRI/1 + Corr.1
Côte d'Ivoire	G/SG/N/1/CIV/1
Cuba	G/SG/N/1/CUB/1
Cyprus	
Czech Republic	G/SG/N/1/CZE/1
Djibouti	
Dominica	
Dominican Republic	G/SG/N/1/DOM/1
European Community	G/SG/N/1/EEC/1

MEMBER	NOTIFICATION PROVIDED
Ecuador	G/SG/N/1/ECU/1
Egypt	G/SG/N/1/EGY/1
El Salvador	G/SG/N/1/SLV/2
Fiji	
Gabon	
Gambia, The	
Ghana	G/SG/N/1/GHA/1
Grenada	
Guatemala	G/SG/N/1/GTM/1
Guinea Bissau	
Guinea, Rep.of	G/SG/N/1/GIN/1
Guyana	
Haiti	
Honduras	G/SG/N/1/HND/1
Hong Kong	G/SG/N/1/HKG/1
Hungary	G/SG/N/1/HUN/2 + Add.1 + Suppl. 1 & 2
Iceland	G/SG/N/1/ISL/1
India	G/SG/N/1/IND/1
Indonesia	G/SG/N/1/IDN/1
Israel	G/SG/N/1/ISR/2
Jamaica	
Japan	G/SG/N/1/JPN/2 + Corr.1
Kenya	G/SG/N/1/KEN/1
Korea	G/SG/N/1/KOR/2
Kuwait	
Lesotho	
Liechtenstein	
Macau	G/SG/N/1/MAC/2
Madagascar	
Malawi	
Malaysia	G/SG/N/1/MYS/1

MEMBER	NOTIFICATION PROVIDED
Maldives	G/SG/N/1/MDV/1
Mali	
Malta	G/SG/N/1/MLT/1
Mauritania	
Mauritius	G/SG/N/1/MUS/1
Mexico	G/SG/N/1/MEX/1
Morocco	G/SG/N/1/MAR/1
Mozambique	
Myanmar	G/SG/N/1/MYM/1
Namibia	
New Zealand	G/SG/N/1/NZL/1
Nicaragua	G/SG/N/1/NIC/1
Nigeria	G/SG/N/1/NGA/1
Norway	G/SG/N/1/NOR/3
Pakistan	G/SG/N/1/PAK/1
Papua New Guinea	
Paraguay	G/SG/N/1/PRY/1
Peru	G/SG/N/1/PER/1
Philippines	G/SG/N/1/PHL/1
Poland	G/SG/N/1/POL/1
Qatar	
Romania	G/SG/N/1/ROM/1
Rwanda	
Saint Kitts & Nevis	
Saint Lucia	G/SG/N/1/LCA/1
Saint Vincent & Grenadines	
Senegal	G/SG/N/1/SEN/1
Sierra Leone	
Singapore	G/SG/N/1/SGP/1
Slovak Republic	G/SG/N/1/SVK/1
Slovenia	G/SG/N/1/SVN/1

MEMBER	NOTIFICATION PROVIDED
Solomon Islands	
South Africa	G/SG/N/1/ZAF/1
Sri Lanka	G/SG/N/1/LKA/1
Suriname	
Swaziland	
Switzerland	G/SG/N/1/CHE/1
Tanzania	
Thailand	G/SG/N/1/THA/1 + Rev.1
Togo	
Trinidad and Tobago	G/SG/N/1/TTO/1
Tunisia	G/SG/N/1/TUN/1
Turkey	G/SG/N/1/TUR/2
Uganda	G/SG/N/1/UGA/1
United Arab Emirates	
United States	G/SG/N/1/USA/1
Uruguay	G/SG/N/1/URY/1
Venezuela	G/SG/N/1/VEN/1 + Corr.1
Zambia	G/SG/N/1/ZMB/1
Zimbabwe	G/SG/N/1/ZWE/2

SECTION XV

REPORT OF THE MARKET ACCESS COMMITTEE

WORLD TRADE ORGANIZATION

G/L/132
4 November 1996

(96-4641)

REPORT OF THE MARKET ACCESS COMMITTEE

Section A - Background

1. The Committee on Market Access was established under paragraph 7 of Article IV of the WTO Agreement by the General Council at its meeting of 30 January 1995. Its mandate (WT/L/47) covers market access issues related to tariffs, non-tariff measures not covered by any other WTO body, as well as matters related to the Integrated Data Base.

2. Mr. Jean Saint-Jacques (Canada) has been elected Chairman, and Mrs. Marie Gosset (Côte d' Ivoire), Vice-Chairperson of the Committee. Their mandates were renewed for 1996. Participation in the meetings of the Committee is open to all WTO Members, to Governments granted observer status by the General Council and to the following international organizations: FAO, IMF, ITCB, UNCTAD, WCO and the World Bank.

3. Rules of Procedure for the Committee, based on the Rules of Procedure adopted by the Council for Trade in Goods (CTG) and approved by the General Council on 31 July 1995, were adopted by the CTG on 1 December 1995 (WT/L/79).

4. The Committee held four formal meetings each in 1995 and in 1996 as well as a number of informal meetings.

Section B - Status report of the Committee's work

Tariff Matters

Implementation of the Uruguay Round results

5. The implementation of tariff concessions contained in the WTO Schedules on Goods began on 1 January 1995 according to the provisions of the Marrakesh Protocol and the Schedules annexed thereto. Beginning on 1 January 1996, the second stage of reductions started. There is no special notification procedure for the implementation of tariff reductions. The Committee agreed that if problems arose in this respect, it would rely on reverse notifications. To date, no such reverse notifications have been submitted.

Implementation of Harmonized System 1996 changes

6. The Harmonized Commodity Description and Coding System (Harmonized System or HS), which is administered by the World Customs Organization (WCO), is the customs nomenclature used by nearly all WTO Members for their schedules of tariff concessions. Special procedures were established for the introduction of changes to the Harmonized System into WTO schedules of concessions. In 1993, the WCO agreed to approximately 400 sets of amendments to the Harmonized System, to enter into effect on 1 January 1996. These affect bound schedules of tariff concessions of a large number of WTO Members. Members have had to implement the changes, in keeping with their WCO

obligations, in their customs nomenclature on 1 January 1996. They were unable, however, to carry out the procedures related to the introduction of HS changes in WTO schedules prior to their implementation. These Members therefore had to request waivers, in accordance with Article IX of the WTO Agreement, from their obligations under Article II of GATT 1994. At its meeting of 13 December 1995, the General Council approved a Decision granting waivers to 33 Members, allowing them to implement the HS96 changes on 1 January 1996 and to carry out the necessary procedures subsequently. These waivers were to expire on 30 June 1996.

7. By June 1996, 19 Members had submitted the necessary documentation in connection with the introduction of the HS96 changes and reservations, both general and specific, had been made with regard to most of the submissions. Only two submissions of HS96 changes were finalized and certified during this period. Thus, an extension of the waivers appeared necessary. At the meeting of the Committee on 13 June 1996, the Chairman proposed that - for practical reasons and because there was not always a meeting of the General Council in December -the period for extension of waivers in general, which was usually six months - from January to June and from July to December-, be changed from May to October and from November to April of each year. The Committee approved this proposal and agreed that, in order to bridge the gap between the current situation and the new proposal, any extension of waivers should be until 30 April 1997. It was then decided to recommend that the HS96 waivers be exceptionally extended until 30 April 1997 for the Members that individually had requested and documented a need for an extension or had newly requested a waiver in connection with the HS96 changes. The complete required documentation was to be submitted by the Members concerned by 30 September 1996 at the latest. The draft decision on the extension of the waivers was approved by the CTG at its meeting of 5 July 1996 and adopted by the General Council at its meeting of 18 July 1996. The situation with respect to the submission of documentation is reproduced in G/MA/TAR/2/Rev.3.

8. Developing and least-developed Member countries stressed the need to obtain technical assistance from the Secretariat in connection with the introduction of HS96 changes and for the preparation of consolidated loose-leaf schedules.

Procedures under Article XXVIII

9. With reference to the submission of documentation containing HS96 changes, several Members expressed concern about reservations of a purely general character presented by other Members under Article XXVIII. Two problems were identified in this respect: on the one hand there is the need for Members submitting changes to provide as much information as possible to facilitate a review of these changes by other Members; on the other hand there is the need for Members making reservations to specify the exact nature of their reservations in order to enable the Members concerned to either supply missing information or to enter into negotiations. The Chairman was requested to carry out consultations regarding the procedures governing Article XXVIII.

Trade liberalization proposals

10. The Market Access Committee discussed several further trade liberalization papers by delegations. Two proposals focused on the future agenda for tariff liberalization: an Australian proposal on Further Industrial Tariff Negotiations (G/L/96) which recommends that comprehensive industrial tariff negotiations begin in 2000 and that preparatory work be undertaken by the Goods Council or Market Access Committee; and a Canadian proposal on Further Tariff Liberalization (G/MA/W/9) that recommends a WTO work programme to address, *inter alia*, the acceleration of Uruguay Round tariff reductions (including existing Uruguay Round zero-for-zero initiatives), expansion of membership for existing zero-for-zero and harmonization initiatives, and identification of additional sectors for zero-for-zero and harmonization initiatives. Members expressed divergent views with respect to both the

proposals. The delegations which have put forward these proposals requested that the Committee recommend to the CTG that Members consider them positively. While some Members expressed support in varying degrees, other Members expressed their opposition to the proposals and to the requests for recommendations.

11. Additionally, there were two other communications submitted which concern plurilateral market access initiatives: a paper on the Information Technology Agreement (G/MA/W/8) submitted by the United States which summarizes the benefits of further liberalization on information technology products and outlines the product coverage; and one on Trade in Pharmaceutical Products (G/MA/W/10) submitted by the European Communities on behalf of the WTO Members concerned which outlines the review of pharmaceutical product coverage that has taken place and resulted in the addition of 465 products for duty-free treatment. A number of Members noted that these plurilateral market access initiatives could make a positive contribution to trade liberalization as the results are granted on an MFN basis. The Committee welcomed the information provided and took note of the communications.

Waivers granted in connection with the introduction of the Harmonized System

12. The Committee examined the situation related to the transposition and renegotiation of schedules of certain Members which had adopted the Harmonized System in the years following its introduction on 1 January 1988. These Members were requested to provide factual information in relation to requests for an extension of the waivers; the information is reproduced as an Annex to the semi-annual reports of the Committee to the CTG (the latest being G/MA/4). While a number of Members have been able to complete this transposition in recent years, 11 Members requested an extension of their waiver until 30 April 1997. These extensions were approved by the General Council on 18 July 1996. Technical assistance is being provided to some Members to assist in the transposition of their pre-Uruguay Round schedules into the Harmonized System.

Establishment of consolidated loose-leaf schedules on goods

13. During the past two years, the Committee examined various issues related to the establishment of consolidated loose-leaf schedules on goods. These concern in particular the legal implications of the establishment of such schedules and their content (e.g. the coverage of unbound items; the treatment of *ad valorem*, specific and mixed duties; stages of implementation; other duties and charges (ODCs); the reflection of agriculture commitments; and the indication of Initial Negotiating Rights). At its meeting of 22 November 1995, the Committee agreed to the establishment of consolidated loose-leaf schedules on goods on the basis of a proposal by the Chairman. The question of verification, however, remains outstanding. Several Members raised the possibility of creating a computer-assisted verification of the schedules. The Chairman has held informal consultations with a view to solving the problem.

14. As a result of these consultations, he proposed that the Committee adopt the Draft Decision on the Establishment of Consolidated Loose-Leaf Schedules on Goods contained in document G/L/121. The Committee adopted the Decision and agreed to forward it to the CTG for approval. The Committee, noting that as of 18 October 1996, 15 Members had submitted consolidated loose-leaf schedules on goods in connection with the submission of their HS96 documentation using the format appended to the Decision, recognized the importance of giving priority consideration to the verification of these schedules.

Non-tariff Matters

Notifications of quantitative restrictions

15. A Decision on Notification Procedures for Quantitative Restrictions (G/L/59) was adopted by the CTG on 1 December 1995. In accordance with this Decision, Members were to submit to the Secretariat by 31 January 1996 complete notifications on the QRs they maintained. The situation with regard to those notifications is far from satisfactory as only 22 Members have submitted their notifications.

Reverse notification of non-tariff measures

16. At its meeting in December 1995, the Council for Trade in Goods also adopted a decision related to the reverse notification of non-tariff measures (G/L/60). One submission has been received to date.

Integrated Data Base

17. In October 1995, the Committee examined several issues concerning the future of the Integrated Data Base and agreed that Members should make every effort to provide the necessary trade and tariff information in order to establish a reliable data base. However, to date very few Members have submitted the required information. Since October 1995, the Secretariat has received complete IDB submissions from 10 Members and recent import statistics from 14 Members. In addition, in response to specific requests, the Secretariat has been able to update the files of a number of countries on the basis of data collected, *inter alia*, from the Trade Policy Review Division and from published customs tariffs.

18. The Committee also agreed that (1) the Secretariat prepare a simplified format for the IDB data submissions and develop PC applications for the preparation of data in capitals; (2) the Secretariat undertake a study on the "restructuring" of the IDB from a mainframe to a PC environment; (3) the IDB be made operational with basic information on tariffs and imports before broadening its scope to include non-tariff measures and other types of restrictions; and (4) access to the IDB could be given to international organizations. Since then, the Secretariat has prepared and circulated simplified formats for the submission and a PC software for the preparation of data in capitals in a format compatible for use with the IDB mainframe applications. A study on the "restructuring" of the IDB from a mainframe to a PC environment was initiated in August 1996.

WTO-WCO Coordination

19. Members expressed the desire for increased cooperation with the WCO with respect to future changes to the Harmonized System. Under the current WCO agenda, changes to the Harmonized System are made every 4 years and the next update is being prepared for the year 2000. Thus, the Committee suggested that better communication between the two organizations would be advantageous for the implementation of Harmonized System 2000 changes and their introduction, as necessary, into WTO schedules of concessions. The Chairman undertook to initiate consultations on this issue.

Future work of the Committee

20. The Committee will focus on the following issues:

- continue the supervision of the implementation of Uruguay Round concessions relating to tariffs and non-tariff measures, and of concessions by acceding countries;

- improving the efficacy of its work through ensuring a) the submission of timely notifications of Quantitative Restrictions and timely provision of trade and tariff information by Members; b) the completion and implementation of the loose-leaf schedules on goods and the development of an electronic verification process; both of which will provide Members with the necessary information for such supervision;

- complete the establishment and verification of the changes in the Harmonized System approved by the World Customs Organization;

- review the procedural issues identified with respect to modifications of schedules;

- establishment of a closer working relationship with the World Customs Organization, particularly with respect to the introduction of future changes in the Harmonized System;

- implement modifications to the Integrated Data Base in order to develop a database that will facilitate the information-gathering and -dissemination processes, thus improving the analytical tools at the disposal of the WTO and its Members.

Section C - Recommendations

21. The Committee recommends to the Council for Trade in Goods that:

- Given the importance of completing as soon as possible the changes in the Harmonized System agreed to by the World Customs Organization, Members do their utmost to complete the verification of HS96 changes already submitted so as to prevent requests for additional waivers. Also, to urge those Members who have not submitted complete documentation to do so as soon as possible.

- Members agree on the importance of the work being considered in the Market Access Committee to develop the basic information and the analytical tools that will enable Members to improve the efficiency of tariff negotiations. These analytical tools include the development and implementation of loose-leaf schedules on goods and of a PC-based Integrated Data Base.

- In order to fulfil this work, Members:

  (a) complete their notification obligations on quantitative restrictions;
  (b) participate fully in the development of the Integrated Data Base and submit the required trade and tariff data to the WTO Secretariat;
  (c) undertake to submit as soon as possible their loose-leaf schedules on goods in electronic format; and
  (d) complete as soon as possible the verification of submitted loose-leaf schedules on goods.

- The CTG take into account the need, when necessary, for technical assistance for developing countries and least developed countries to facilitate the implementation of these recommendations.

SECTION XVI

REPORT OF THE COMMITTEE ON TRADE-RELATED INVESTMENT MEASURES

WORLD TRADE ORGANIZATION

G/L/133
1 November 1996

(96-4621)

Committee on Trade-Related Investment Measures

REPORT (1996) OF THE COMMITTEE ON TRADE-RELATED INVESTMENT MEASURES

I. General

1. This Report is submitted pursuant to Article 7.3 of the Agreement on Trade-Related Investment Measures, which requires the Committee on Trade-Related Investment Measures to report annually to the Council for Trade in Goods. The Report covers the period November 1995-October 1996 but in view of the Singapore Ministerial Conference it also contains references to work of the Committee in 1995.

2. Since the period covered by its previous annual report[1], the Committee held formal meetings on 18 March, 30 September and 1 November 1996 under the Chairmanship of Mr. Vassili Notis (Greece). The minutes of these meetings have been circulated in documents G/TRIMS/M/4 and 5. Meetings of the Committee were open to all WTO Members. In addition, governments with observer status in the WTO have been invited to attend the meetings of the Committee. Pursuant to interim procedures agreed upon by the General Council in April 1995 regarding the participation of international intergovernmental organizations in meetings of WTO bodies, representatives of IMF, OECD, UN, UNCTAD and the World Bank have also attended the meetings of the Committee as observers.

II. Implementation

3. The work of the Committee in 1995 and 1996 has centred on the implementation of the notification and transition arrangements provided for in Article 5 of the Agreement on Trade-Related Investment Measures with regard to existing trade-related investment measures ("TRIMs") that are inconsistent with the Agreement. Article 5.1 requires Members to notify any TRIM inconsistent with the Agreement within 90 days after the entry into force of the WTO Agreement. Article 5.2 gives the benefit of a transition period for the elimination of measures notified under Article 5.1.

4. In March 1995, the Committee endorsed a standard format for notifications under Article 5.1[2] and submitted to the General Council through the Council for Trade in Goods a recommendation in regard to the operation of the deadline for notifications under Article 5.1 in case of countries eligible to become original WTO Members that accepted the WTO Agreement after 1 January 1995. This recommendation, adopted by the General Council at its meeting on 3 April 1995, provides that such governments shall have a period of 90 days after the date of their acceptance of the WTO Agreement to make the notifications foreseen in Article 5.1 but that the period for the elimination of TRIMs notified

[1] G/L/37

[2] G/TRIMS/1

under Article 5.1 continues to be governed by reference to the date of entry into force of the WTO Agreement itself.[3]

5. The Committee has received notifications of measures under Article 5.1 from Argentina, Barbados, Chile, Colombia, Costa Rica, Cuba, Cyprus, the Dominican Republic, Ecuador, Egypt, Indonesia, India, Mexico, Malaysia, Nigeria, Pakistan, Peru, Philippines, Poland, Romania, Thailand, Uruguay, Venezuela and South Africa.[4] In the case of some Members, notifications were submitted later than the 90-day period foreseen for them. While there is no obligation to do so, some Members notified the Committee that they did not apply any TRIM inconsistent with the Agreement.[5]

6. With respect to certain notifications, some delegations have sought clarification or additional information of a factual nature, including with respect to plans for the phase-out and elimination of notified measures. In addition, a number of issues have been raised at meetings of the Committee in respect of notified measures as well as certain other measures; in many cases divergent views were expressed, including in relation to concerns about certain measures in the automotive and agricultural sectors. The issues raised included:

(1) the timing of notifications in relation to the provisions of Article 5.1;

(2) the adequacy of information provided in notifications;

(3) the recent introduction or modification of certain measures in relation to the provisions of Articles 2 and 5.4; and

(4) the relationship of the provisions of the Agreement to those of other WTO Agreements, including the Agreement on Subsidies and Countervailing Measures and the Agreement on Agriculture.

Some delegations have expressed the view that these issues reflect problems of implementation of the Agreement, while others have indicated that they did not share this assessment. The Committee has been informed that proceedings have been initiated under the Dispute Settlement Understanding in 1996 in relation to measures of three Members referring, *inter alia*, to the TRIMs Agreement as reflected in G/TRIMS/4 and G/TRIMS/D/1-5. Details regarding these proceedings can be found in items 27, 51, 52, 54, 55 and 59 of Section I of the Annex to the report of the Dispute Settlement Body (WT/DSB/8).

7. Notifications under Article 5.1 circulated in 1995 have been derestricted as of 28 May 1996. Following the decision taken by the General Council on 18 July 1996 on derestriction and circulation of WTO documents, documents containing notifications submitted under Articles 5.1, 5.5. and 6.2 will be issued unrestricted, provided that pursuant to paragraph (g) of the Appendix to that decision Members may at the time of the submission of a document indicate to the Secretariat that the document should be issued as restricted.

8. The Committee adopted a standard format for notifications under Article 5.5, which deals with the conditions under which during the transition periods stipulated in Article 5.2 Members may apply

[3]WT/L/64

[4]See Annex 1.

[5]See Annex 2.

TRIMs notified under Article 5.1 to new investments.[6] The Committee also adopted a proposal for implementation of Article 6.2, which provides for notification to the Secretariat of publications in which information on TRIMs can be found.[7]

III. Built-In Agenda

9. Article 9 of the TRIMs Agreement provides that not later than five years after the entry into force of the WTO Agreement, the Council for Trade in Goods shall review the operation of the TRIMs Agreement and, as appropriate, propose amendments to its text. In the course of this review, the Council shall consider whether the Agreement needs to be complemented with provisions on investment policy and competition policy. Some Members have drawn attention to the importance of work pursuant to this mandate.

[6] G/TRIMS/3

[7] G/TRIMS/5

ANNEX 1

NOTIFICATIONS RECEIVED UNDER ARTICLE 5.1 OF THE AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES

Member	**Document Symbol**	**Date of Communication**
Argentina	G/TRIMS/N/1/ARG/1	30 March 1995
Barbados	G/TRIMS/N/1/BRB/1	31 March 1995
Chile	G/TRIMS/N/1/CHL/1	14 December 1995
Colombia	G/TRIMS/N/1/COL/1	31 March 1995
Colombia	G/TRIMS/N/1/COL/Add.1	4 June 1995
Colombia	G/TRIMS/N/1/COL/2	31 July 1995
Costa Rica	G/TRIMS/N/1/CRI/1	30 March 1995
Cuba	G/TRIMS/N/1/CUB/1	18 July 1995
Cyprus	G/TRIMS/N/1/CYP/1	29 June 1995
Cyprus	G/TRIMS/N/1/CYP/2	30 October 1995
Dominican Republic	G/TRIMS/N/1/DOM/1	26 April 1995
Egypt	G/TRIMS/N/1/EGY/1	29 September 1995
Ecuador	G/TRIMS/N/1/ECU/1	20 March 1996
Indonesia	G/TRIMS/N/1/IDN/1[8]	23 May 1995
India	G/TRIMS/N/1/IND/1	31 March 1995
India	G/TRIMS/N/1/IND/1/Add.1	22 December 1995
India	G/TRIMS/N/1/IND/1/Add.1/Corr.1	18 March 1996
India	G/TRIMS/N/1/IND/1/Add.2	11 April 1996
Mexico	G/TRIMS/N/1/MEX/1	31 March 1995

[8]In a communication dated 28 October 1996 the Permanent Mission of Indonesia advised the Committee that Indonesia was withdrawing the portion of the notification made on 23 May 1995 which concerned motor vehicles.

Member	Document Symbol	Date of Communication
Mexico	G/TRIMS/N/1/MEX/1/Rev.1[9]	31 March 1995
Malaysia	G/TRIMS/N/1/MYS/1	31 March 1995
Malaysia	G/TRIMS/N/1/MYS/1/Rev.1	14 March 1996
Nigeria	G/TRIMS/N/1/NGA/1	17 July 1996
Pakistan	G/TRIMS/N/1/PAK/1	30 March 1995
Peru	G/TRIMS/N/1/PER/1	30 March 1995
Philippines	G/TRIMS/N/1/PHL/1	31 March 1995
Poland	G/TRIMS/N/1/POL/1	28 September 1995
Romania	G/TRIMS/N/1/ROM/1	31 March 1995
Thailand	G/TRIMS/N/1/THA/1	30 March 1995
Uruguay	G/TRIMS/N/1/URY/1	31 March 1995
Uruguay	G/TRIMS/N/1/URY/1/Add.1	30 August 1995
Venezuela	G/TRIMS/N/1/VEN/1	31 March 1995
South Africa	G/TRIMS/N/1/ZAF/1	19 April 1995

[9]English only

ANNEX 2

NOTIFICATIONS INDICATING THAT NO TRIMS INCONSISTENT WITH THE AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES ARE MAINTAINED

Member	**Document Symbol**	**Date of Communication**
Switzerland	G/TRIMS/N/1/CHE/1	8 August 1995
Israel	G/TRIMS/N/1/ISR/1	24 October 1996
Honduras	G/TRIMS/N/1/HND/1	7 July 1995
Saint Lucia	G/TRIMS/N/1/LCA/1	14 February 1996
Mauritius	G/TRIMS/N/1/MUS/1	27 March 1995
Nicaragua	G/TRIMS/N/1/NIC/1	18 July 1996
Singapore	G/TRIMS/N/1/SGP/1	9 October 1996
Slovenia	G/TRIMS/N/1/SVN/1	27 March 1995
Trinidad & Tobago	G/TRIMS/N/1/TTO/1	1 April 1996
Zambia	G/TRIMS/N/1/ZMB/1	13 April 1995