



WTO's first Ministerial Conference will be held at Singapore's modern Suntec Centre. (Photo by Mr. Steven Lee/Straits Times)

General Council

**Preparations intensify for Singapore
 Membership of Bulgaria and Panama approved**

Preparations for the WTO's first Ministerial Conference have intensified after the summer break as various councils and committees finalize their respective reports for Singapore. Noting that the preparations had entered the "critical operational phase", the Chairman, Ambassador William Rossier (Switzerland), on 2 October, urged delegations to assist all WTO bodies in meeting the established deadlines for completing and adopting their reports to the Ministerial Conference.

In brief reports, the Director-General, Mr. Renato Ruggero, who chairs the informal meetings of Heads of Delegations on Singapore agenda, and the chairpersons of the three sectoral Councils (Ambassador Srinivasan Narayanan of the Council for Trade in Goods, Ambassador Lilia R. Bautista of the Council for Trade in Services and Ambassador Wade Armstrong of the Council for TRIPS), said work in their respective areas were on track. The Director-General

and the chairpersons of various WTO bodies would make full progress reports at the next General Council meeting on 14 October.

The General Council agreed that on 9 December, delegations would welcome the Prime Minister of Singapore, who would then open the Ministerial Conference. This would be followed by the adoption of the agenda, agreement on order of business, report by the Chairman of the General Council, report by the Director-General on an overview of developments in international trade and the trading system, and finally statements by Ministers. It was envisaged that for the rest of the Conference which would conclude on 13 December, mornings would be reserved for statements by Ministers with the afternoons open for working meetings. The General Council also agreed to elect the Chairperson

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Preparations

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and the three Vice-Chairpersons of the Conference on 7 November.

Accession of Bulgaria and Panama

The General Council approved the entry into the WTO of Bulgaria and Panama. The two countries become members thirty days after depositing their instruments of ratification with the Director-General.

Both countries had made significant commitments to liberalize their trade regimes, including reduction of tariffs, the submission of schedules on trade in services and agreement to implement the WTO TRIPS Agreement upon accession without any transition periods.

Bulgaria's Minister of Trade and Foreign Economic Cooperation Atanas Paparizov said the General Council decision represented a recognition by the international community that his country's progress towards establishing a market economy was irreversible. He said that commitments his country had made in the accession process would lead to further substantial liberalization of the Bulgarian market. Minister Paparizov underlined that Bulgaria had committed itself to implement all WTO agreements without any transition period, including those on TRIPS and TRIMS. In conclusion, he said that WTO membership would further reinforce market-based principles in Bulgaria's transition economy.

Panama's Trade Minister Nitzia R. de Villarreal said that her government had worked hard to accelerate the accession process, including the enactment of major legislation and the elimination of certain laws to align Panama's trade laws with the WTO Agreements. She noted that these efforts had resulted in significant restructuring of the economy, which was now in a better position to adapt to international competition and the trend towards globalization. Minister de Villarreal stressed the role of services in Panama's economy. She hoped that membership in the WTO would further develop Panama's traditional role as a bridge in international commerce.

Waivers

The General Council, following an objection by the United States, decided to revert at its next meeting consideration of eight requests for extension of waivers forwarded by the Council for Trade in Goods (see page 4).

The United States said that at the Goods Council meeting on 19 September, another waiver, that on the US-Canada automobile agreement, was blocked by Japan on the grounds that it needed more information. It said that since that date, it had not received any inquiry from Japan. The United States said that this constituted an unjustifiable delay of the process with respect to the US-Canada agreement.

Cuba and Zimbabwe said that each of the waiver requests should be considered on its own merit, and that the postponement of a decision at that meeting should not become a precedent. Japan supported Cuba and Zimbabwe, and expressed regret that it had not been able so far to present its questions to the United States. □



General Council Chairman William Rossier calls for stepping up of Singapore preparations. (Photo by Tania Tang/WTO)



Bulgaria's Minister of Trade and Foreign Economic Cooperation Atanas Paparizov signs his country's Protocol of Accession to the WTO on 2 October. Accession Director Arif Hussain (centre) and the Working Party Secretary Hector Millan witness the ceremony. (Photo by Tania Tang/WTO)



Trade Minister Nitzia R. de Villarreal signs Panama's Protocol of Accession to the WTO on 2 October, witnessed by Panamanian and WTO officials. (Photo by Tania Tang/WTO)

Council for Trade in Goods

Implementation of Textile Agreement, new tariff round proposed for Singapore

As part of preparations for the Singapore Ministerial Conference, the Council for Trade in Goods (CTG), on 19 September, pursued discussions on the implementation of the Agreement on Textiles and Clothing (ATC), and Australia further clarified a proposal for new industrial tariff negotiations to begin in the year 2000.

A number of textile exporting developing countries reiterated their concerns, listed in a communication introduced at the CTG meeting of 5 July and the subject of a full meeting on 25 July, over the implementation of the ATC and stressed that the CTG take these into account in making recommendations to the Singapore meeting. On the other hand, major developed-country importers—the United States and the European Communities—introduced their respective papers listing their own concerns.

Pakistan, also on behalf of the ASEAN members of the WTO, Hong Kong, India and Korea, had listed ten major concerns in their paper, including the following:

- » The first phase of the integration of the textiles and clothing sector into the GATT 1994 had not been commercially meaningful for exporters as it had covered, except for one product, goods that had not been under restriction in the Multifibre Arrangement (MFA);
- » A major importer had invoked a large number of safeguard measures, when the ATC provided that these actions be used as sparingly as possible;
- » The functioning of the Textiles Monitoring Body (TMB), which supervises the implementation of the ATC, should



The United States and the EC are calling for further market opening in the developing countries and stricter enforcement of anti-circumvention rules. (ILO Photo)

be improved through greater transparency and ensuring impartiality in decision-making; and

- » A major importer had implemented changes in its rules of origin relating to textiles and clothing, which had introduced uncertainty for the trade in the sector.

A number of other developing countries, including Colombia on behalf of the members of the International Textiles and Clothing Bureau, shared these concerns.

The United States maintained that its integration programme was in full compliance with the ATC, which left the choice of products to be integrated to the importing



Developing countries are urging more commercially meaningful implementation of the WTO Textiles Agreement. (ILO Photo)

member. It expressed concern that textile exporting countries had not complied with the ATC provision to achieve improved market access in the sector. The United States also called for more effective measures against circumvention of the ATC, in particular through transshipment.

The European Communities shared US concerns over market access and transshipment. It expressed disappointment over the lack of response to its recent invitation for proposals from textile exporting countries on the second phase of its integration programme. The EC underlined the political and economic difficulties in this sector, adding that its level of ambition in liberalization would have to take into account market opportunities provided to EC exporters.

Industrial tariff negotiations

Australia further clarified its proposal calling for further industrial tariff negotiations to begin in the year 2000 at the same time as further negotiations in agriculture and services. It said that through an oversight, the Uruguay Round Agreements had provided for resumption of negotiations in agriculture and services but not on industrial tariffs. Australia proposed that in Singapore, Ministers mandate the CTG or the Market Access Committee to begin in 1997 preparatory work for the tariff negotiations.

Extension of waivers

The CTG approved the following requests for extension of waivers due to expire at the end of 1996, and agreed to forward the texts of the draft decisions to the General Council: Cuba, Paragraph 6 of Article XV of GATT 1994; United States - Former Trust Territory of the Pacific Islands; United States - Andean Trade Preference Act; Canada - CARIBCAN; European Communities - Fourth ACP-EEC Convention of Lomé; EC France - Trading Arrangements with Morocco; South Africa - Base Dates under Article I:4; and Zimbabwe - Base Dates Under Article I:4.

Japan objected to a US request for the extension of the waiver on duty-free imports of automotive products from Canada and requested more information. The CTG agreed to revert to this matter at the next meeting. □

US asks for panel on Japan's measures on photo film and paper

The United States, at the Dispute Settlement Body (DSB) meeting on 3 October, requested the establishment of a panel to examine its complaint against Japan's measures affecting consumer photographic film and paper.

The United States charged that through a variety of measures, Japan had guided the establishment of a distribution system which restricted access of imports. In addition, it said Japan had imposed cumbersome restrictions on the growth of large retail stores, which were more likely to carry imported products, and nontransparent restrictions on the use of premiums and advertising, which foreign firms typically use to break into a new market. The United States said that these measures nullified or impaired benefits accruing to it in the WTO, and affected tariff concessions made by Japan on consumer photographic film and paper in past rounds of trade negotiations.

Japan did not accept the establishment of a panel at this meeting and argued that the United States had not yet exhausted all possibilities for a solution through consultations and had not clearly indicated which specific measures applied by Japan constituted a violation of specific GATT obligations and how such violation was asserted.

The DSB agreed to reconsider the matter at its next meeting on 16 October.

Canada requests two panels

The DSB, on 27 September, considered for the first time new panel requests from Canada. It also began discussions on its report to the Singapore Ministerial.

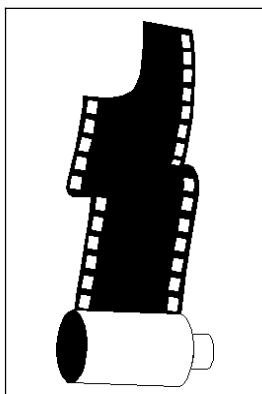
Brazil's export financing for aircraft

Canada requested the immediate establishment of a panel, under Article 4.4. of the Agreement on Subsidies and Countervailing Measures, to examine its complaint against Brazil's export financing for aircraft. Under that provision, a member can request the immediate establishment of a panel should bilateral consultations fail to resolve a matter regarding a prohibited subsidy.

Canada had claimed that interest rate subsidies granted to foreign purchasers of Brazil's Embraer aircraft under the Brazilian *Programa de Financiamento à Exportações* (PROEX) contravened Article 3 of the Subsidies Agreement. This provision prohibits subsidies contingent upon export performance.

Brazil maintained that PROEX was not inconsistent with Article 3 of the Subsidies Agreement. It said that even if aspects of PROEX were considered inconsistent with this provision, they would be justified by Article 27 of the Agreement, which provided for special and differential treatment for developing countries.

Brazil opposed Canada's request, arguing that the scope



Several disputes resolved "out of court"

More disputes are being resolved by the parties themselves, even in cases already far advanced in the WTO dispute-settlement process. At DSB meetings in July, several such cases were notified.

Panels examining the complaints by Canada and by Chile and Peru against the European Communities' trade description of scallops were disbanded when these members reported that they have arrived at mutually-agreed solutions. India withdrew its complaint against Poland's import regime for automobiles after a solution was reached in bilateral consultations.

The EC withdrew its request for a panel after the United States announced that the measure in question - increased duties imposed in 1987 on certain EC products - had been terminated as of 15 July 1996.

These developments fulfill the aim of the WTO dispute-settlement mechanism, which is "to secure a positive solution to a dispute". Developing a mutually-acceptable solution consistent with WTO provisions to a problem between members is encouraged throughout the dispute-settlement process, from consultations down to the panel stage. □

of Canada's complaint went beyond the Subsidies Agreement. It said it could not agree to the immediate establishment of a panel unless Canada withdrew the references to Articles XVI (on subsidies) and XXIII (on nullification and impairment) of the GATT 1994. Brazil said that in case a panel would be established, special terms of reference should be drawn up to take into account Article 27 of the Subsidies Agreement.

Canada agreed to narrow its complaint in order to be able to establish a panel pursuant to the procedures under the Subsidies Agreement. It said it would submit another written request for the establishment of a panel for consideration by the DSB at its next meeting.

EC measures affecting livestock and meat

Canada requested the establishment of a panel to examine its complaint against EC measures prohibiting the importation of livestock and meat from livestock that had been treated with hormones. In its complaint, Canada had claimed that the EC measures were inconsistent with provisions of the Agreement on the Application of Sanitary and Phytosanitary Measures, the Agreement on Technical Barriers to Trade, the Agreement on Agriculture, and the GATT 1994. It expressed the hope that the EC would agree to the establishment of a panel at that meeting, considering that a panel (requested by the United States) was already examining a similar complaint against the EC measures.

The EC said it needed more time to study Canada's request. □

DISPUTE SETTLEMENT

Overview of WTO Dispute Settlement (4 October 1996)

<i>Complainant</i>	Subject of complaint
Appellate Report adopted	
<i>Venezuela, Brazil</i>	United States - Standards for reformulated and conventional gasoline
Appellate Report issued	
<i>EC, Canada, United States</i>	Japan - Taxes on alcoholic beverages
Active panels	
<i>Philippines</i>	Brazil - Measures affecting desiccated coconut
<i>Costa Rica</i>	United States - Restrictions on imports of cotton and man-made fibre underwear
<i>India</i>	United States - Measures affecting imports of woven wool shirts and blouses
<i>Ecuador, Guatemala, Honduras, Mexico and US</i>	European Communities - Regime for the importation, sale and distribution of bananas
<i>United States</i>	EC - Measures affecting meat and meat products (hormones)
<i>United States</i>	Canada - Certain measures concerning periodicals
Panel requested	
<i>United States</i>	Pakistan - Patent protection for pharmaceutical and agricultural chemical products
<i>Canada</i>	Brazil - Export financing programme for aircraft
<i>Canada</i>	EC - Measures affecting livestock and meat (hormones)
<i>United States</i>	
<i>EC</i>	US - The Cuban Liberty and Democratic Solidarity Act
Under consultations	
<i>United States</i>	Korea - Measures concerning the testing and inspection of agricultural products
<i>Canada</i>	Australia - Measures affecting the importation of salmon
<i>United States</i>	Australia - Measures affecting the importation of salmonids
<i>United States</i>	Japan - Measures concerning sound recordings
<i>Hong Kong</i>	Turkey - Restrictions on imports of textile and clothing products
<i>Sri Lanka</i>	Brazil - Countervailing duties on imports of desiccated coconut and coconut milk powder
<i>India</i>	Turkey - Restrictions on imports of textile and clothing products
<i>Argentina, Australia, Canada, New Zealand, Thailand and US</i>	Hungary - Export subsidies in respect of agricultural products
<i>United States</i>	Portugal - Patent protection under the Industrial Property Act
<i>EC</i>	Korea - Laws, regulations and practices in the telecommunications sector
<i>United States</i>	Korea - Measures concerning inspection of agricultural products
<i>EC</i>	Japan - Measures concerning sound recordings

Appellate Body affirms panel's findings

The Appellate Body, in a report issued on 4 October, affirmed the conclusions of the joint panel that had found Japan's taxes on alcoholic beverages to be inconsistent with a GATT 1994 provision on non-discriminatory treatment of imports with respect to internal taxation (Article III:2). However, it also pointed out several areas where the panel had erred in its legal reasoning.

The panel was requested by the EC, Canada and the United States, who claimed that Japan levied a substantially lower tax on domestic "shochu" than on whisky, cognac and white spirits.

The full report is available on the Internet at the WTO Website (<http://www.wto.org>).

<i>United States</i>	Turkey - Taxation of foreign film revenues
<i>United States</i>	Japan - Measures affecting distribution services
<i>Thailand</i>	Turkey - Restrictions on imports of textile and clothing products
<i>Mexico</i>	US - Anti-dumping investigation regarding imports of fresh or chilled tomatoes
<i>United States</i>	India - Patent protection for pharmaceutical and agricultural chemical products
<i>Japan</i>	Brazil - Certain automotive investment measures
<i>United States</i>	Brazil - Certain measures affecting trade and investment in the automotive sector
<i>EC</i>	Mexico - Customs valuation of imports
<i>EC</i>	Indonesia - Certain measures affecting the automobile industry
<i>Japan</i>	Indonesia - Certain measures affecting the automobile industry
<i>EC</i>	Argentina - Certain measures affecting imports of footwear, textiles, apparel and other items
Settled cases or inactive panels	
<i>Singapore</i>	Malaysia - Prohibition of imports of polyethylene and polypropylene
<i>United States</i>	Korea - Measures concerning the shelf-life of products
<i>Japan</i>	US - Imposition of import duties on automobiles from Japan
<i>EC</i>	Japan - Measures affecting the purchase of telecommunications equipment
<i>Canada</i>	EC - Duties on imports of cereals
<i>United States</i>	EC - Duties on imports of grains
<i>Thailand</i>	EC - Duties on imports of rice
<i>Uruguay</i>	EC - Implementation of Uruguay Round commitments concerning rice
<i>Mexico</i>	Venezuela - Anti-dumping investigation on imports of certain oil country tubular goods
<i>Canada</i>	Korea - Measures concerning bottled water
<i>India</i>	US - Measures affecting imports of women's and girls' wool coats
<i>Canada</i>	EC - Trade description of scallops
<i>EC</i>	US - Tariff increases on products from the EC
<i>India</i>	Poland - Import regime for automobiles

Looking at implementation

The Committee on Trade and Development, on 12 September, pursued preparations for its contribution to the Singapore Ministerial Conference with extensive discussions of the implementation of Uruguay Round provisions in favour of developing countries, the participation of developing countries in the multilateral trading system and guidelines for WTO technical cooperation activities.

The CTD examined a Secretariat note listing to what extent action-oriented provisions of various Uruguay Round Agreements in favour of developing countries were being implemented. The note reported that many developing countries have made use of these special provisions. In agriculture, for example, the vast majority of developing-country schedules reflected special provisions for exclusion of some domestic support policies and some export subsidies from the reduction commitments while developed-country schedules showed greater reductions in tariffs on products of interest to developing countries (e.g. 43-per cent reduction on tropical agricultural products) and their accelerated implementation. In the Agreement on Textiles and Clothing, small exporters have benefited from higher growth rates in their quotas. The follow-up to the Decision relating to Least-Developed Countries and Net Food-Importing Countries has become an important part of the work of the Committee on Agriculture. Delayed application of provisions had been invoked by many developing countries with respect to a number of Agreements.

The European Communities said the note provided a positive account regarding implementation, and that it showed that the Uruguay Round took account of the specific needs of developing countries. On the other hand, India said the note failed to reflect what was happening in the field, where it said developing countries were not being given special treatment in important sectors such as textiles.



Interagency coordination: ITC Executive Director J. Denis Bélisle, CTD Chairman Nacer Benjelloun-Touimi, WTO Director-General Renato Ruggiero and UNCTAD Secretary-General Rubens Ricupero discuss technical cooperation with developing countries. (Photo by Tania Tang/WTO)

The CTD examined another Secretariat note on the participation of developing countries in the multilateral trading system (*see box*), with an analysis of why some developing countries have better trade performance than others. New Zealand said that the note showed that expansion of economic growth and trade levels were linked with domestic policies, and that market access was a significant factor. Canada said the note showed many developing countries still lacked the capacity to take advantage of market opportunities resulting from the Uruguay Round. India said that high-performing developing countries initially used tariff protection to launch their industries. □

The secrets of success

Why do certain developing countries perform much better in trade than others? A Secretariat note submitted to the CTD observes that over the past two decades, there has been a widening gap in trade performance among developing countries. While some countries in developing Asia have boosted dramatically their share in world trade, Latin America's share has stagnated and those of Africa and the Middle East have declined.

The economic performance of Asia, according to the report, demonstrates a high correlation between export performance and the share of manufactured goods in total merchandise exports. It also shows a positive link between exports and both the share of investment and of manufactures in GDP. Developing countries in Asia have more than doubled their share of world trade in manufactures, and have also recorded much stronger investment performance than other developing countries.

On the other hand, low trade-to-GDP ratios, low investment and small manufacturing shares in GDP and total exports are the common traits of the typical least-developed country. While the share of developing countries in world foreign direct investment inflows more than doubled from 15% in 1986-90 to more than 35% in 1994, the share going to the least developed countries has remained stagnant at 0.4%.

The report observes that countries that have achieved strong export growth rates have lower levels of import protection than countries with stagnant or declining exports.

Most of the countries with minimal participation in global integration depend heavily on primary commodity exports and have relatively small and inefficient manufacturing sectors. Further constraining the growth of least-developed countries are persistent debt problems, inadequate infrastructure and a lack of transparent legal and regulatory frameworks. These factors play a key role in explaining their poor performance in attracting capital flows. □

Renato Ruggiero

Defining the Singapore message

The WTO Director-General, Mr. Renato Ruggiero, on 30 September, gave a brief account of the main issues WTO Members face in preparing for the Singapore Ministerial Conference to the World Bank/IMF Development Committee in Washington, D.C. Excerpts from his address:

Let me start by placing the WTO Ministerial Conference in perspective; it is not the end of a negotiation, nor the launching of a new Round, but a very important point in a continuing process, the evolution of the multilateral trading system. Almost all of the issues being discussed in the run-up to Singapore relate to the very ambitious timetable agreed at the end of the Uruguay Round.

Building on success

The starting point is that the first two years of the new organization have been very encouraging. Let me mention a few key aspects:

- » One success that stands out above all the rest is the strengthening of the **dispute settlement** mechanism. This is the heart of the WTO system. Not only has it proved credible and effective in dealing with disputes, it has helped resolve a significant number at the consultation stage. Furthermore, developing countries have become major users of the system, a sign of their confidence in it which was not so apparent under the old system.
- » Secondly, the continuing increase in the WTO's **membership**, emphasizes the vitality of the institution and the multilateral trading system that it embodies. We have now reached 123 members, and there are 30 candidates for accession including some truly major trading partners. It is imperative that we succeed in each of these accession negotiations, but in a way which strengthens the system as a whole.
- » Thirdly, giving renewed impetus to the completion of critical negotiations towards multilateral liberalization in **financial services and telecommunications** is very important. The resolve of the Quad countries is an encouraging sign in this respect. Countries at all levels of development have a vital interest in seeing the best possible outcome in these negotiations. Financial services and basic telecommunications are the arteries and the nervous system of the global economy, and their importance to development prospects is crucial.
- » Among the issues that are of particular concern to developing countries, one important concern is **textiles**. Developing countries do not want to re-write the Uruguay Round Agreement, but they are concerned to see it implemented fully in spirit as well as in letter—which means doing so in a commercially meaningful way. This is a concern which must be taken very seriously.
- » Last—but certainly not the least—I would like to welcome the progress which is now being made towards elimination of tariffs on **information technology** equipment. If, as there is every reason to hope, it is possible to reach a multilateral agreement in this sector at Singapore we will have succeeded in unlocking one of the key tools



A Singapore agreement to eliminate tariffs on computer products would unlock a key tool of future growth. (ILO Photo)

of future growth in industrial and developing countries alike.

These are some of the issues that set the stage for developing the WTO's work programme. This means clarifying the steps that lie between us and the major commitments to renew negotiations in areas like services and agriculture which come up at the end of the century. It also means seeing how we approach the commitments which already exist concerning investment, competition policy and government procurement. The immediate task is to build bridges among Members' positions.

Intensive preparatory work in Geneva is beginning to reveal some common ground in a number of areas. For example, I do not think anyone disagrees with the importance of **investment**, especially for developing countries. Foreign direct investment inflows to developing countries, though their distribution is uneven, increased from an average of about US\$22 billion during the second half of the 1980s to about US\$100 billion in 1995. And the importance of foreign direct investment goes beyond its mere volume, since it makes available technological, marketing, organizational and managerial inputs to the host country.

The treatment of investment in the multilateral system is still a difficult issue in Geneva, but there seems to be a broad level of agreement that further work is needed—if not on where it should take place.

The most thorny issue

The most thorny issue is **labour standards**, where the proposals of some Members for work in the WTO have produced clear differences of view. Even here, though, some common ground can be made out in terms of shared principles:

- » The respect for core labour standards has been agreed by all Members in the Universal Declaration on Human



We need a message of unity and determination among industrial and developing countries to help the least-developed countries. (ILO Photo)

Rights;

- » All delegations have recognized the primary role of the ILO in international labour issues;
- » The competitive advantage of low-wage countries has not been called into question; and
- » No-one has opposed statements by major proponents of the issue that trade sanctions are not envisaged.

I do not pretend that, even on the basis of these elements, it will be easy to reach consensus on this issue, but it is vital that it not become a divisive or disruptive point at Singapore.

As I see it, the key to reaching agreement on the WTO's work programme is to understand that the whole political logic of trade has changed. By this I mean that, especially in the newer areas of the trade universe, industrialized and developing countries are on the same side of the table. In areas like financial services, telecommunications or investment, it is not a question of concessions from one side to the other but of a shared interest in agreeing commitments and rules to the common benefit.

Benefits of globalization

This change reflects the inescapable reality of global economic integration. Globalization certainly presents countries with challenges of adjustment—though these are outweighed by the tremendous opportunities it offers. In many countries it is not uncommon to see a defensive reaction to these challenges, one which plays up the supposed threat from developing country imports or industrialized country investment. How are we to counter this? By emphasizing the benefits of globalization and the interdependence it brings with it. The latest UNCTAD report, for example, shows that the outlook for developing countries is generally brighter than for industrialized countries, and in fact developing countries are now an important source of global growth, on which the prospects of the industrialized

An interdependent world means that we are all in the same boat together, and no-one can watch with equanimity while the other end of the boat sinks...

world more and more depend. In turn, the developing countries depend on industrialized country markets maintaining and improving their openness.

This is why it is so important that Ministers in Singapore send a strong political message, one which emphasizes the opportunities in the new global economy, which generally do not receive the same emphasis as the challenges. It should be a message which recognizes the power of the multilateral system as a formidable engine for growth in trade, investment and employment.

It should be a message about the vital relationship between the multilateral system and regional trade liberalization, aimed at reinforcing the m.f.n. principle and ensuring that regional and multilateral systems converge around it.

Bold measures for the least-developed

And it should be a message of unity among industrial and developing countries, and one of determination to help the least-developed countries come in from the margins through bold and specific measures.

This last point is a particularly urgent need. An interdependent world means that we are all in the same boat together, and no-one can watch with equanimity while the other end of the boat sinks.

The G7 leaders at Lyon wisely made the plight of the **least-developed countries** a priority, and as you know, I made a proposal to them. Its main features are:

- » Full and rapid implementation of the Marrakesh Declaration on the least-developed countries;
- » Improving their market access by working towards the elimination of all tariffs and non-tariff barriers on least-developed country exports;
- » Helping to improve the investment climate they face, especially by creating a more level playing field through negotiating, at the appropriate time, multilateral rules in the WTO;
- » Helping build human and institutional capacity by improving the effectiveness and coordination of technical cooperation. The WTO has made a start in this direction with UNCTAD and the International Trade Centre, and we are working hard to improve our cooperation with the Bank and the Fund. There are especially interesting prospects for extending the reach and the impact of our efforts through the use of new information technology, a field where the Bank already has considerable expertise.

I am doing all I can to encourage a positive consideration of these points inside the WTO and beyond. I see a commitment to action along these lines as a very important objective for Singapore.

So you see that in Singapore some of the key questions for global economic development will be on the table. It is essential that we reinforce the effort to find the answers together with our partners in the Bank and the Fund. □

□ NORWAY

Strength and openness

The following are excerpts from the concluding remarks by the Chairperson, Ambassador Anne Anderson, after the Trade Policy Review Body's second review of Norway's trade policies and practices held on 11-12 June:

Members commented on the generally low level of Norwegian industrial tariffs, which had been further reduced as a result of the Uruguay Round, autonomous tariff cuts of low, "nuisance" tariffs and more substantive reductions. Nevertheless, there were some areas of tariff escalation. In the areas of forestry, pulp and paper, which were major export items, members wondered whether such tariff escalation was necessary.

It was noted that quotas for textiles and clothing continue to be applied by import licensing, which also affected some products from non-WTO members.

A number of members commented on the various subsidy schemes used by Norway, including for regional development, R&D, environmental improvement, export promotion and in support of agriculture and shipbuilding; it was felt that these could have disruptive trade effects. Members asked about future plans in this area. A number of questions were asked about state trading operations, including for alcohol, grains and animal feedstuffs, as well as, more generally, on plans for privatization of State enterprises.

In response, the representative of Norway said that Government support for strong environmental policies could be positive, provided there were no trade distorting or discriminatory effects. Norway was aware of the need to strike the right balance in this area. Further details were provided on the voluntary eco-labelling scheme, which had been discussed informally in the WTO; the authorities, he said, were considering a notification under the TBT Code of Good Practice. He emphasized that support measures for the forestry sector were designed to prevent deforestation and ensure regeneration.

The representative noted that, in the Uruguay Round, higher tariffs had been cut to a greater extent; full implementation of the results would further reduce tariff escalation. Agricultural tariffication had increased Government revenues, although he emphasized that the contribution of tariffs to the budget was minimal. The elimination of further "nuisance tariffs" was being considered in relation to the 1997 budget.

The representative confirmed that Norway had not used anti-dumping, countervailing or safeguard actions for ten years, nor had the EEA during its existence. The new Trade Act was designed to bring legislation into line with present practice. Current VAT rates would help maintain budget surpluses against the future run-down in oil revenues that was anticipated.

The representative said that technical regulations and SPS measures were consistent with WTO obligations. He provided further details on assistance to developing countries



Norway's rich hydroelectric power resource is considered to be a major comparative advantage. (Photo courtesy of the Norwegian Trade Council).

and the labelling of genetically-modified foods or ingredients. EEA rules would generally prevail over non-binding international standards.

Agriculture and fisheries

While welcoming the opening of the agricultural sector as a result of the Uruguay Round and the intention to bring prices closer into line with those in neighbouring countries, some members noted that these were still high and asked what further action the Norwegian Government intended to reduce the high levels of protection and assistance.

In response, the representative of Norway said that administrative adjustments to tariffs were within international obligations, and carried out under guidelines to ensure transparency. The Import Council advised the Government on the import régime. There was no intention of increase applied rates.

A number of questions were asked about fisheries, including several questions about access to the Norwegian market for fish and to Norway's fishing grounds. A question was asked about the consistency of minimum prices for determining dutiable value for imported fish with the WTO Agreement on Customs Valuation. In response, the representative of Norway said that the Royal Decree providing for the possibility of minimum prices for fish and fish products was a safeguard measure against market disruption from import surges, not for customs valuation purposes. Minimum prices were determined in negotiation between fishermen and sales organizations.

Conclusions

Overall, Members were favourably impressed by the strength and openness of the Norwegian economy. Such qualifications as were expressed related largely to Norway's agricultural régime, as well as to the heavy concentration of trade in countries with which Norway has preferential trading arrangements. There was encouragement for further opening up of the agricultural sector and for increased geographical diversification of trade; the commitment of the Norwegian Government to further liberalization was noted and the hope was expressed that there would be a continuation of current positive trends. □

□ ZAMBIA

Significant steps towards more open trade

The Trade Policy Review Body conducted its first review of Zambia's trade policies on 9 and 10 September 1996. Excerpts form the Chairperson's concluding remarks:

Members appreciated Zambia's significant economic reforms introduced since 1991. They noted that results had been slow in coming, partly because of the recurrence of drought; however, there had recently been an encouraging expansion of non-traditional exports. Both savings and investment levels remained low: Members asked about the effects of measures taken to increase savings and attract foreign direct investment, after the recent removal of specific incentives.

The representative of Zambia replied that in the short term structural adjustment had had adverse effects on the welfare of Zambia's people. This had not brought any political instability as Zambians strongly believed that the adjustment programme was the only way to revitalize the economy. In this context, Zambia had embarked on a comprehensive privatization programme, under which 138 companies had already been sold. Zambia was committed to privatizing ZCCM, the Copper Company, and ZAMTEL, the telecommunications company; the former had already been advertised for sale and the deadline for tenders was end-February 1997. He noted that a number of measures had been taken to attract foreign direct investment, including the removal of customs duty on imports of machinery in certain sectors, infrastructural improvements and 100 per cent profit repatriation by foreign investors.

The representative emphasized that there were, indeed, a number of constraints facing Zambian exports, however, Zambia had a comparative advantage in areas such as horticultural products, precious and semi-precious stones, agriculture, textiles, engineering, wood and wood products, leather and tourism.

Specific questions

Expressing full appreciation for the considerable progress made by Zambia in liberalizing its trade régime, Members sought clarification on the consultative process for trade policy with the private sector. While noting that the tariff structure had been significantly simplified, participants expressed concerns both about the low level of Zambia's WTO bindings on non-agricultural products, and about the disparity between bound and applied rates. Participants noted the heavy dependence of Zambia's government revenue on border taxes and asked if this might slow its further pursuit of tariff liberalization.

Specific questions were also raised on the compatibility of the Import Declaration Fee with WTO rules and timetable for its abolition; as well as the incorporation of WTO disciplines into domestic trade legislation including on cus-



Boatsurfing at Kafue National Park: tourism is a major growth industry. (Photo by Zambia National Tourist Board)

toms valuation, pre-shipment inspection, and anti-dumping and countervailing measures.

The representative of Zambia responded that some 25 per cent of government revenue came from border duties; the dependence was therefore less serious than had been suggested. Government officials held quarterly meetings with the private sector to discuss a number of policy issues, including those relating to trade; the private sector was also involved in trade negotiations and in the preparation for Singapore. On the disparity between bound and applied tariffs, he reassured Members that Zambia had no intention of increasing tariffs, but rather was committed to future liberalization. He indicated that the Import Declaration Fee would be eliminated this year; a number of measures, including a broadening of the tax base and improved performance by the Zambia Revenue Authority would fill the subsequent financial gap. Zambia was fully committed to implementing the WTO Agreement on Customs Valuation, but needed technical assistance for this purpose; inter-Ministerial consultations were underway to this effect.

Conclusions

In summary, the overall thrust of the discussion was encouraging and supportive of the underlying direction of Zambia's economic and trade policy. At the same time, many of the questions posed reflected members' concern that the economic reform process in Zambia should be sustained and deepened, accompanied by full compliance with all of Zambia's WTO obligations.

Members welcomed the significant steps taken by the Zambian authorities towards a more open and deregulated economic and trade régime; they also welcomed steps being taken by Zambia to overcome infrastructural and other supply constraints. They recognized the difficulties of such major adaptation, particularly given the inevitable time-lag before the steps taken translate into practical benefits for the Zambian economy. They were conscious that, if the policies pursued domestically are to achieve the desired results, it is important that they receive support at the regional level and within the multilateral trading system. □

□ COLOMBIA

Committed to trade liberalization and open regionalism

The following are excerpts from the Chairperson's concluding remarks after the Trade Policy Review Body's first review, held on 25-26 September, of Colombia's trade policies and practices:

Members commended Colombia on the positive macroeconomic developments since the previous review in 1990 as well as the legislative, policy and institutional reforms, including the liberalization of the foreign trade, exchange and investment régimes. These had been reflected in solid economic growth, a decline in the rate of inflation, strong capital inflows and improved public finances. Concern was expressed that recently, there appeared to have been some economic slowdown and slight increase in inflation.

The representative of Colombia began his response by indicating that the trade policy changes, begun in the 1990s, had taken place in the context of much wider changes in the Constitution and the rôle of the State, which were still continuing. He outlined changes in the management of trade policy and in macro-economic management, as well as the latest trends in economic indicators. He gave details of the Government's expectations for the period ahead, with a continued reduction in inflation and the fiscal deficit, non-traditional and petroleum exports were expected to continue growing while the growth of imports would slow down. The privatization programme was continuing, with electricity supply and CARBOCOL currently on the agenda.

Members took note of the importance attached by Colombia to increased participation in regional trade agreements, including those with the Andean Group, the Group of Three and Chile, as well as its active involvement in the plans for the establishment of a Free Trade Area of the Americas. Colombia's interest in strengthening economic links with the Asia-Pacific region countries through PECC and APEC was also noted. Members sought Colombia's views on the prospects for open, outward-oriented and trade-creating regionalism as well as on the further development of relations with MERCOSUR in trade and investment. Some participants recalled that Colombia had yet to meet fully its WTO notification obligations relating to regional agreements.

Members welcomed the expansion of Colombia's multilateral commitments, particularly with respect to tariff bindings, and noted the erosion of preferential treatment as a result of the Uruguay Round.

The representative of Colombia indicated that economic integration was a pillar of Colombia's model of outward-oriented economic development; it was seen as strongly complementary to unilateral liberalization. Closer relations with other Latin American countries - including the recent Andean-Mercosur framework agreement and an agreement with Chile, were seen by Colombia as steps on the way to the Free-Trade Area of the Americas and to further multilateral liberalization; in this context, he recalled that the



Colombia's Trade Minister Morris Harf with Ambassador Nestor Osorio Londoño (centre) begins a meeting with Director-General Ruggiero. (Photo by Tania Tang/WTO)

Uruguay Round commitments were part of the overall framework that all countries now applied. The Cartagena Agreement had been notified to GATT under the provisions of the Enabling Clause; the agreement with Chile had similar status. The common external tariff (CET) applied since January 1995 was consistent with more open regionalism, obliging industry to become more competitive. While intra-regional growth had been strong, this was not at the expense of other trading partners.

Questions were raised on the compatibility with the Uruguay Round Agreement on Agriculture of measures currently in force in the agricultural sector, including marketing arrangements, reference prices, import licensing under the domestic absorption régime.

Members asked questions about several aspects of Colombia's automotive policy, including local content and export performance requirements and restrictions on imports of used motor vehicles.

The representative of Colombia gave extensive details of his country's agricultural policies: domestic absorption policies were designed to guarantee the acquisition of local production, not for self-sufficiency goals. These were less restrictive than increasing tariffs to ceiling bindings. Colombia believed that these measures were permitted under provisions of the TRIMS Agreement, including exceptions for developing countries, and that the procedures applied were compatible with the Agreements on Agriculture and on Import Licensing Procedures.

Conclusions. Members welcomed the important steps taken in recent years by Colombia towards a more open and liberal economy, through constitutional, legislative and administrative reform, tariff simplification and reduction, and privatization programmes in a number of sectors. Concerns about certain sectors emerged clearly in the discussion, including agriculture, textiles, automobiles and some services. It was also emphasized that regional arrangements should be fully consistent with multilateral liberalization and rules under the WTO. Overall, however, the thrust of the discussion was supportive of the underlying direction of Colombia's economic and trade policies during a period of sharp transition. There was strong encouragement for the Colombian authorities to consolidate and build on the achievements of the past few years. □

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AGENDA

The following is a tentative schedule of WTO meetings:

October	
14	General Council
14-18	Working Party on the Russian Federation
15	Committee on Trade and Development
16	Dispute Settlement Body Cttee on Technical Barriers to Trade
17-18	BOP Cttee (India)
18	Cttee on Market Access Group on Basic Telecommunications
21-22	Trade Policy Review: New Zealand Cttee on Anti-Dumping
22	Cttee on Trade in Financial Services
22-25	Cttee on Trade and Environment
23	Cttee on Import Licensing
23-24	Cttee on Subsidies
24	Council for Trade in Services
25	Cttee on Safeguards Cttee on Customs Valuation
28	WP on Jordan
28-29	Cttee on Agriculture
28-30	Textiles Monitoring Body
28-31	Cttee on Subsidies
30-31	Trade Policy Review: Brazil
November	
1	Cttee on Subsidies Council for Trade in Goods
4-5	Cttee on Subsidies
6, 8	WP on Saudi Arabia
6-8	Cttee on Regional Trade
7	Cttee on Trade in Civil Aircraft General Council

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