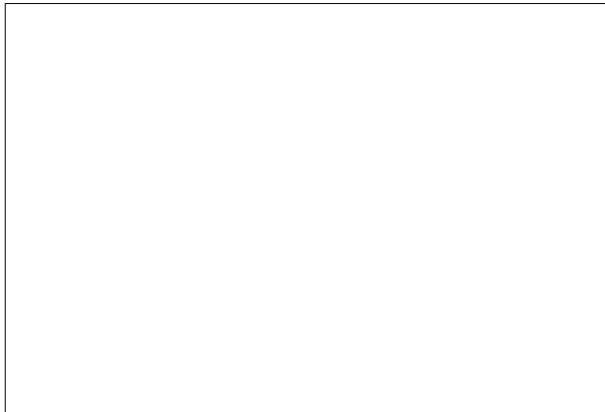


## Traders ask for WTO's help in facilitating movement of goods across borders



*Unloading cargo: Traders complain that complex paperwork and delays at the border result in billion of dollars of unnecessary added costs each year. (ILO Photo)*

Major companies have asked the WTO for help in removing obstacles hampering the movement of goods across borders—such as complex paperwork, procedural delays and uncertainty in the application of regulations that varied from country to country—which, they said, are costing them billions of dollars annually in added costs.

These concerns were voiced at a WTO Symposium on Trade Facilitation held on 9-10 March in Geneva, where the WTO brought some 350 traders and government policy-makers together to identify problems hampering movement of goods across borders. The Symposium was an initiative of the WTO Council for Trade in Goods, which was instructed by the Singapore Ministerial Conference “to undertake exploratory and analytical work, drawing on the work of other

*Continued on page 2*

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#### China offers to cut tariffs down to 10%

The Working Party on China, on 8 April, warmly received an offer by China to cut tariffs on industrial goods to an average of 10 per cent by the year 2005.



China also invited members to bilateral negotiations on market access in services on a sector-by-sector basis, starting with distribution and professional services, in particular legal and accountancy services.

At the close of the meeting, the Chairman, Ambassador Pierre-Louis Girard (Switzerland), said that it was “essential that we take advantage of these developments so as to make serious progress in the coming months, with a view to bringing the negotiations to a successful conclusion.”

*Continued on page 8*

#### Panels set on Canada's dairy measures and Chile's taxes on alcoholic beverages

The Dispute Settlement Body (DSB), on 25 March, established panels to examine, respectively, complaints against Canada's measures affecting dairy exports, and Chile's taxes on alcoholic beverages.



The United States claimed that Canada's system of “special milk classes” provided export subsidies in contravention of WTO agreements. It said that Canada also administered a tariff-rate quota on imports of fluid milk and cream in a way that denied market access to US producers.

New Zealand said that Canada's export subsidies to dairy products violated provisions of GATT 1994 and the Agreement on Agriculture.

*Continued on page 3*

## *Traders voice concerns*

*(Continued from page 1)*

relevant international organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area”.

Among the panelists at the Symposium were representatives from the United States’ Federal Express, General Motors and Mattel; the Netherlands’ Shell; Switzerland’s Gondrand AG; India’s Lemuir Group; United Kingdom’s SITPRO and Marinade Ltd.; Xerox Brazil; the Bank of Botswana; and Malaysia’s Multimedia Development Corporation. Industry groups were also represented, including the Federation of German Industries, French Wine and Spirits Exporters, Federation of Dutch Entrepreneurs and the Business Services Association.

NGO participants included the International Chamber of Commerce (ICC), International Air Transport Association (IATA), International Chamber of Shipping, International Road Transport Union, the International Union of Railways, FIATA, Lima Chamber of Commerce and the Zimbabwe National Chamber of Commerce.

The Symposium was chaired by WTO Deputy Director-General Anwarul Hoda.

### *Hidden trade barriers*

Director-General Renato Ruggiero, in opening the Symposium, criticized “invisible” trade barriers that he said are adding costs to traders, consumers and national economies, and creating “an overall negative trading environment”.

He said that as the classical trade barriers—tariffs and quantitative restrictions—have come down to the lowest levels ever as a result of the Uruguay Round, attention has

### *The WTO and trade facilitation*

**T**he WTO’s legal framework contains numerous Articles and Agreements aimed at facilitating the movement of consignments across borders, Mr. Heinz Opelz, Director of the WTO Market Access Division, told the Symposium.

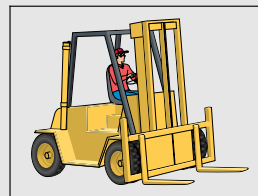
He cited a number of Articles of GATT 1994, including Article VIII, which stipulate that all fees and charges imposed in connection with importation or exportation must be limited in amount to the approximate cost of services rendered; and Article X, which requires prompt publication of all laws and regulations affecting trade.

The WTO Agreements concerned include Import Licensing; Customs Valuation, which provide that the valuation of imports should be based on actual value; Preshipment Inspection, which harmonizes rules in this area world-wide; Rules of Origin, which sets out a harmonization work programme; Sanitary and Phytosanitary Measures ; and Technical Barriers to Trade.

Mr. Opelz also cited the General Agreement on Trade in Services, which provides for liberalization in service industries vital for the facilitation of trade such as transport, financing and telecommunications. □

### *The cost of too much paperwork*

**O**ne of the panelists at the Symposium, Mr. Ake Nilson of Marinade Ltd., described international trade documentation as “complex, difficult to understand and difficult to manage,” and which is still paper based despite advances in information technology.



He said it is not unusual for a single trade transaction to involve up to 27 different parties, more than 40 documents plus copies, and over 200 data elements.

Mr. Nilson cited UN estimates that 7 per cent of international trade is made up of the cost of paper documentation, which would mean that the annual cost of trade paperwork is in excess of \$400 billion. □

turned hidden costs resulting from documentation requirements, procedural delays, and lack of transparency and predictability in the application of government rules and regulations.

Mr. Ruggiero said these hidden costs are not part of governments’ actual commercial policy, but that “they are surely not invisible for traders and consumers”. He said that in many cases, these “invisible” costs exceed the actual level of duties paid on the products.

He added that “as tariffs and traditional non-tariff measures have been sharply reduced everywhere, procedural barriers to cross-border transactions have become crucial determinants of investment decisions by foreign investors”.

### *Main concerns*

At the Goods Council meeting on 18 March, the Chairman, Ambassador Ronald Saborío Soto (Costa Rica) summarized the main concerns voiced by traders as follows:

- » Excessive documentation requirements;
- » Lack of automation and insignificant use of information technology;
- » Lack of transparency; unclear and unspecified import and export requirements;
- » Inadequate procedures; especially a lack of audit-based controls and risk-assessment techniques;
- » Lack of modernization of, and cooperation among customs and other government agencies, which thwarts efforts to deal effectively with increased trade flows.

The Chairman said that most speakers and several discussants from the floor suggested that the WTO had a role to play in trade facilitation, be it through strengthening existing WTO disciplines and rules, so that administrative barriers are more effectively tackled, or by bringing the work of other organizations under the WTO rule-based system, thus making them multilaterally binding and enforceable. There were also suggestions that the WTO should play a co-ordinating role or that it should promote adherence to or awareness of existing or future instruments concerning trade facilitation.

The Council requested the WTO Secretariat to prepare a comprehensive report on the Symposium, which would be the basis of future discussions in this area. □

## New panels

(Continued from page 1)

Canada maintained that the measures in question were in line with its WTO obligations.

The DSB agreed to establish a single panel to examine the complaints by the United States and New Zealand. Australia and Japan reserved their third-party rights.

### Chile's taxes on alcoholic beverages

The European Communities said that it had previously requested a panel to examine its complaint against what it considered to be discriminatory provisions of a Chilean law that provided lower tax rates on the domestic drink *piacos* compared with imported distilled spirits and liqueurs from the EC. It said that when the DSB established the panel in November 1997, Chile published a modified law that the EC considered to still be inconsistent with the GATT 1994. The EC added that consultations with Chile on this new law had not produced a solution.

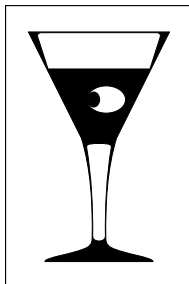
Chile expressed regret that despite having modified the law in question, the EC had requested a second panel. It believed the new law to be fully compatible with the WTO. Chile agreed to the establishment of a single panel that would examine the previous and current EC complaints.

The DSB established a panel to examine the two complaints raised by the EC.

### Other matters

On other matters, the DSB heard:

- » Canada's first status report on its implementation of the DSB recommendations concerning its measures on periodicals, in which it said it was in the process of seeking approval to amend the relevant legislation;
- » An announcement by the United States that it had resolved its dispute with the Philippines over the latter's measures on pork and poultry; and
- » A statement by Ecuador, Guatemala, Honduras, Mexico



Active Panels (As of 31 March 1998)		
Complainant	Subject of the complaint	Date
European Communities	US - <i>The Cuban Liberty and Democratic Solidarity Act</i> (work suspended at EC's request)	20 Nov. 1996
India, Malaysia, Pakistan, Thailand	US - <i>Import prohibition of certain shrimp and shrimp products</i>	25 Feb. 1997; 10 April 1997 for India
Mexico	Guatemala - <i>Anti-dumping investigation regarding imports of Portland cement from Mexico</i>	20 March 1997
Canada	Australia - <i>Measures affecting the importation of salmon</i>	10 April 1997
Japan, EC, US	Indonesia - <i>Certain measures affecting the automobile industry</i>	12 June 1997 (US, 30.07.97)
EC, US	Korea - <i>Taxes on alcoholic beverages</i>	16 Oct. 1997
European Communities	India - <i>Patent protection for pharmaceutical and agricultural chemical products</i>	16 Oct. 1997
European Communities	Argentina - <i>Measures affecting textiles and clothing</i>	16 Oct. 1997
EC	Chile - <i>Taxes on alcoholic beverages</i>	18 November 1997; 25 March 1998
United States	India - <i>Quantitative restrictions on imports of agricultural, textile and industrial products</i>	18 Nov. 1997
United States	Japan - <i>Measures affecting agricultural products</i>	18 Nov. 1997
New Zealand	EC - <i>Measures affecting butter products</i>	18 Nov. 1997
Korea	US - <i>Anti-dumping duty on DRAMs of one megabit or above from Korea</i>	16 January 1998
United States	Australia - <i>Subsidies provided to producers and exporters of automotive leather</i>	22 January 1998
India	Turkey - <i>Restrictions on imports of textile and clothing products</i>	13 March 1998
US, New Zealand	Canada - <i>Measures affecting dairy products</i>	25 March 1998

and the United States, reiterating their concerns (*see WTO FOCUS No. 27*) over the reported draft European Commission proposals on the implementation of the DSB recommendations concerning the European Communities' regime for the importation, sale and distribution of bananas. □

### Panel established on Turkey's textiles measures

The DSB, on 13 March, elected by acclamation Ambassador Kamel Morjane of Tunisia, as its Chairperson for 1998.

India requested, for the second time, a panel to examine its complaint against what it called the unilateral imposition by Turkey, effective 1 January 1996, of quantitative restrictions on imports of a broad range of textiles and clothing products from India (*see WTO FOCUS No. 27*).

Turkey said that the measures in question were the direct result of its Customs Union with the European Communities. It said that this Customs Union had led to steep tariff reductions and other market-opening steps, including on textiles, which had led to a substantial increase in Turkey's imports from India. Turkey reiterated that India's complaint should also be addressed to the EC.

The EC warned DSB members that there would be legal uncertainties involved in this case should it not be included

as a respondent.

The DSB established a panel to examine India's complaint against Turkey.

### EC measures on meat (hormones)

On another matter, the EC informed the DSB of its intentions regarding implementation of the DSB recommendations on its measures concerning meat and meat products (hormones). The EC said it had initiated a process to examine options for compliance with the recommendations and invited the other parties to the dispute—Canada and the United States—to consultations on the length of a reasonable period of time for implementation.

Canada and the United States stressed that they expected the prompt lifting of the EC ban on imports of beef treated with hormones. □

## Drug inventions: transition measures interpreted

Two recent developments in the WTO have gone some way towards clarifying how countries have to handle new pharmaceutical and agricultural chemical inventions if they have chosen to delay the introduction of patent protection for these products.

### Background

The nations concerned are those members which did not provide "product" patent protection for these inventions when the WTO came into being in 1995 (i.e. patents for the *products* themselves as distinct from the *processes* used to make the products).

Several—but not all—of the eligible developing countries have made use of a provision in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) that allows them until 2005 to do so.

Under the TRIPS Agreement, even if they are making use of this delay, these countries cannot ignore newly invented drugs and farm chemicals.

In the interim, they must have a mechanism (known informally as the "mailbox") for that allows people to file applications for patent protection for these product inventions. The system had to be in place from 1 January 1995, and the applications have to be treated as normal patent applications once product patent protection can be granted for these types of inventions, as required by the TRIPS Agreement.

If after that, a patent is granted for a "mailbox" invention, it must be valid for what remains of the 20 years period from the date the application was filed. The date the application was originally filed is also important because it has a bearing on whether an invention meets the main criteria that would allow it to be patented—i.e. whether it is new and "non-obvious".

In addition, if the relevant authorities (for example health and safety agencies) allow a drug or farm chemical "mailbox" invention to be marketed before it is granted a patent, then the "mailbox" applicant has to be given the right to market the product exclusively for a certain period, subject to certain conditions.

### Dispute ruling

On 19 December 1997, the WTO Appellate Body, which handles disputes appeals, ruled that the system for filing "mail box" applications must have a sound legal basis, and that countries have to back up the system of exclusive marketing rights with law.

Both must have been in place from the date when the WTO and its TRIPS Agreement came into force—1 January 1995. A month later the Dispute Settlement Body, the highest-level committee handling disputes in the WTO, adopted the appeals report along with the portions of the original panel report that were not modified by the appeal.

The case, between India and the United States, was the first intellectual property dispute to go through the full panel and appeals procedures. A similar case between the European Communities and India is still pending, and another between United States and Pakistan has been settled "out of court" through bilateral consultations.

*Pharmaceutical laboratory: more clarity in dealing with drug and agricultural chemical patents. (ILO Photo)*

### The TRIPS Council

Then, separately, the WTO body dealing with intellectual property issues—the TRIPS Council—agreed at its next meeting, on 24 February (its first meeting this year), that countries could use the Council as a forum for asking the relevant fellow-members how they are implementing these provisions.

At previous meetings, a number of members complained that they have difficulty finding out exactly what the position is in some countries.

Developing countries which exercise their right to delay giving full patent protection have to tell fellow-members, through the TRIPS Council, how they are applying the "mailbox" and exclusive marketing rights provisions. Some members have complained that the information provided has been incomplete.

Other developing countries have simply notified the WTO that they already have full patent protection laws covering drugs and agricultural chemicals. But in many cases their laws have not been examined in the TRIPS Council because, unlike developed countries, they do not have to ensure that their patent laws comply with the TRIPS Agreement until 2000.

### New dispute

Meanwhile, a new case involving pharmaceutical patents is now in the WTO's dispute settlement procedure. On 19 December 1997, the European Communities asked for consultations—the first stage of dispute settlement—with Canada on certain provisions of Canadian law.

At the 24 February meeting the EC and Canada informed the TRIPS Council that the consultations took place on 13 February. Australia, Switzerland and the United States, which have formally declared an interest in the case, were also present.

The Canadian provisions allow others (in addition to the patent holder, and without the permission of the patent holder) to use patented inventions for specific purposes in the final period before the patent expires: to carry out the experiments and tests that are required for marketing approval, and to manufacture and stockpile these products.

The EC says these provisions mean that patent protection for pharmaceuticals does not last for the full protection period required under the WTO's TRIPS Agreement.

Altogether, out of a total of 119 cases brought to the WTO's dispute settlement procedures since January 1995, 12 have involved the TRIPS Agreement. □

*TPRB: India*

## Commitment to further liberalization welcomed

*The following are excerpts from the concluding remarks by the newly-elected Chairperson, Ambassador Ali Said Mchumo (Tanzania), after the Trade Policy Review Body's second review of India's trade policies held on 16-17 April:*

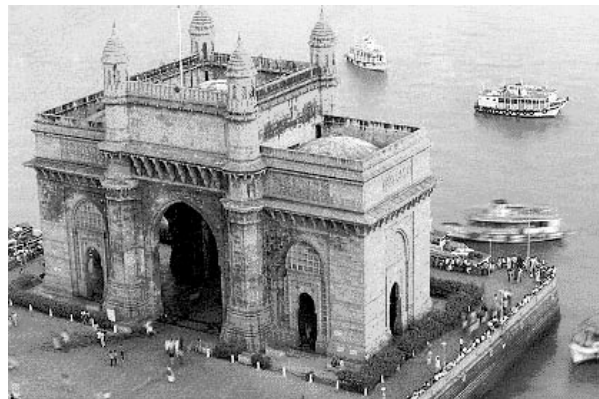
Members commended India for the pursuit of its economic reforms initiated in 1991, which had contributed to healthy economic growth. However, in the light of the fiscal imbalance, the sustainability of this economic performance was queried; it was suggested that comprehensive tax reform and a reduction in subsidies would be desirable to reduce the fiscal deficit. On the structural front, infrastructure services were identified as a severe bottleneck to trade and growth; Members encouraged India to promote further investment in these areas. It was also emphasized that trade liberalization would assist further effective agricultural reform.

In reply, the representative of India described the scope and context of India's economic and trade reforms and reiterated the new Government's commitment to the reform process. Trade, investment, tax and exchange reforms were all important elements in the process. The removal of infrastructural bottlenecks was a priority commitment, being addressed by streamlining procedures for foreign investment and decentralizing decision-making. The problem of the fiscal deficit was being addressed, *inter alia*, by efforts to increase public sector savings and better targeting of domestic subsidies.

Members complimented India for its tariff reform, under which the simple average rate had fallen from 71% in 1993/94 to 35% in 1997/98, with a weighted average of 20%. However, concerns were raised regarding the complex structure of the tariff system; the distinction in treatment between capital goods and inputs, on one hand, and consumer goods on the other; and remaining tariff escalation in several industries. Some Members sought clarification about the time-table for elimination of the special rate of 5 percentage points. Noting significant gaps between WTO bound rates and MFN applied rates in some areas, several Members asked if there were plans to bind closer to applied rates; they also raised concerns about India's proposals to renegotiate some of its bindings. Members noted that import duties constituted a large share of Government revenues and that continued tariff reductions, complemented by tariffication of import licensing, could contribute to raising revenue.

Members noted that, since the previous review, the number of items subject to import licensing had decreased; some restricted items had also been liberalized by permitting their importation through freely transferable Special Import Licences (SILs). However, this liberalization was mainly applied to capital and intermediate goods, while most consumer goods remained subject to import licensing.

In reply, the representative of India noted that the phasing out of QRs was proceeding according to a six year programme; he gave an explanation of the import licensing system and the use of SILs. Items recently added to the free list included 99 textile items, 49 agricultural items, 26



*"Gateway to India" - a Bombay landmark: India underlined the new Government's commitment to economic and trade reforms. (Photo courtesy of India's Tourism Office)*

marine products, with most of the balance in consumer goods. All capital goods, assemblies, etc. were already in the free list. Reduction and rationalization of tariffs was also an integral part of India's trade liberalization. The simple average tariff had fallen to 35%, but the import-weighted average had declined from 87% in 1990-91 to 20% today, even taking into account the temporary duty of 5%. Applied tariffs were maintained well within bound rates.

India remained committed to a rule-based multilateral trading system; in this context, India regarded safeguard and anti-dumping measures as an integral part of the WTO system. The Customs Tariff Act had been amended in early 1997 to provide for GATT-consistent safeguard procedures; there had been a surge of safeguard actions following this measure. The Government had also set up an independent Directorate of Anti-Dumping, primarily to provide transparency and independence to the process and expedite cases.

Some members stated that the agriculture sector in India had been almost unaffected by the reform process. It was suggested that the public distribution system, with minimum prices, was a disincentive to agricultural development and an ineffective means of poverty alleviation.

In reply, the representative of India recalled that more than 70% of the population was directly or indirectly dependent on agriculture for its livelihood. Production had increased thanks, *inter alia*, to improved use of fertilizers and increased access to credit. The pace of reform had been, and had to be, carefully calibrated; however, the direction was clear and both liberalization and other reforms had been introduced in agriculture.

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Overall, Members commended India for its continued programme of economic reforms, including trade reforms which have constituted an integral part of the programme. Members appreciated the direction of reforms, welcomed the commitment expressed by India to further broad-based trade liberalization, domestic deregulation, and encouragement of private investment and looked forward to further concrete, well-co-ordinated implementation in these areas. Members also welcomed India's continued positive participation in the WTO and the importance attached by the Indian delegation and authorities to a stable, liberal, rules-based multilateral trading system. Members looked forward to receiving written replies to major outstanding questions and clarifications of various areas of interest. □

## Global sustainable development for the 21st century

*Excerpts from the address by WTO Director-General Renato Ruggiero given on 17 March in Geneva at the WTO's Symposium on "Strengthening Complementarities: Trade, Environment and Sustainable Development":*

As we approach the close of this century, one of the major challenges of the next is already clear—how to balance the needs of the planet with the need to bring billions of people into the global economy. As recently as a decade ago, these would have been seen by many as incompatible goals. The environmental debate was heavily influenced by "limits of growth" theories, and many viewed the globalization of trade and investment as one of the major threats to the planet. At the same time, many in business and government saw the environmental agenda as a brake on economic growth and a barrier to broader development worldwide. But in recent years there have been positive signs that this ideological divide is fortunately narrowing. Instead a new consensus is emerging that trade liberalization and environmental protection are not only compatible goals—they must be two sides of the same strategy to achieve sustainable development on a global scale.

Today I want to make three broad points about the way forward. First, that trade liberalization is a powerful ally of sustainable development—and that we both have an interest in renewing and revitalizing our collaboration in the Committee on Trade and the Environment. Second, that a sustainable environment is equally critical to the future of the world economy—and that the solution to global environmental challenges lies with reaching global environmental agreements. Nothing in the WTO stands in the way of such agreements. On the contrary, the WTO has every interest in building an effective bridge to the environmental agenda, not least because without a coherent strategy, it is both the global trading system and the global environment which will suffer. Which leads to my third point—that globalization is pushing all of us to develop an international architecture to manage the linkages not only between trade and the environment, but among all the other policies which now spill across borders and jurisdictions. How we shape this architecture will go a long way to determining how we confront the challenges as well as the opportunities of this new global age.

The relationship between open trade and sustainable development was first acknowledged in the pioneering work of the Brundtland Commission, and later in the 1992 Rio Declaration. Both make the fundamental point that trade liberalization is a powerful engine of economic growth, and that growth is vital to creating conditions which favour advancing environmental protection and building sustainable development. It has been estimated, for instance, that the completion of the Uruguay Round is bringing US\$ 500 billion each year to the global economy—resources which are indispensable to reducing world poverty and underdevelopment, long recognized as the single most potent source of environmental degradation.

Trade liberalization also has an important role to play in getting global price mechanisms right as a prerequisite to getting global policies right. Pricing failures are a major



*In opening the Symposium, Director-General Renato Ruggiero stressed that trade liberalization is a powerful ally of sustainable development. (Photo by Tania Tang/WTO)*

underlying cause of environmental degradation. Study after study has shown how market access restrictions, domestic support policies, and export subsidies have not only suppressed the development potential of many countries. They have also led to distorted prices and serious environmental spill-overs—to the point where scarce resources are not merely over-utilized, but in some cases literally exhausted.

Trade liberalization can—and must—be a critical ally of sustainable development. But freer markets alone will not solve all of the complex environmental and social issues we face in today's interdependent world. Freer investment is not a recipe for restoring the stratospheric ozone. Lower tariffs in themselves will not halt the destruction of our marine resources. The broader solution to environmental

### 150 NGOs participate in WTO Symposium

The WTO Symposium on Trade, Environment and Sustainable Development, held at the WTO headquarters on 17-18 March, was attended by more than 150 individuals from environment and development non-governmental organizations (NGOs), private corporations, research and academic institutes, and representatives of WTO member governments. The objective of the Symposium, organized by the WTO Secretariat, was to broaden and deepen the constructive relationship between international trade, environmental policies and sustainable development.

Discussions at the Symposium focused on three major themes: identifying institutional linkages related to the trade-environment-sustainable development nexus; deepening the analysis of the economic linkages between trade liberalization and the environment, and legal compatibility between trade and environmental policies. The Secretariat compiled papers for consideration at the Symposium, including on the environmental benefits of removing trade restrictions and distortions. □

*(A report on the Symposium is available on the Internet, <http://www.iisd.ca/sd/wto.symp>.)*

and other challenges lies in reaching a global consensus in each of these areas. Reaching enforceable global agreements and standards. And building the kind of global institutions needed to manage them. It lies, in other words, with developing global rules to address global needs—as we have done over fifty years with the trading system.

The weight of the WTO should be used wherever possible to support the work of other multilateral fora. Let me cite two examples. The Committee on Trade and Environment, in its report to the WTO's first Ministerial Conference in Singapore, noted that the most appropriate means of addressing shared environmental problems is through shared solutions. The approximately 185 Multilateral Environmental Agreements—or MEAs—represent the best means of tackling global environmental problems. And the record is there to prove it. In recent years, the ozone layer depletion has shown encouraging signs of being repaired, thanks to the remarkable achievements of the Montreal Protocol. This agreement, and several others, such as CITES and the Basel Convention, are working because governments have found that working together brings more results than working alone. Several of these agreements also contain trade measures, and despite concerns from some in the environmental community, no legal dispute has ever arisen between the WTO and a MEA on this count.

I cite these examples to emphasize two points: that multilateral approaches in the environmental and social fields are working. And that nothing in the WTO stands in the way of the international community pursuing shared goals in other international agreements.

**I**f the problem is the environment, then our goal must be to develop global policies which address the environment—and not trade. Asking the WTO to solve issues which are not central to its work—especially when these are issues which governments have failed to address satisfactorily in other contexts—is not just a recipe for failure. It could do untold harm to the trading system itself, with all the collateral effects this would have for a sustainable global economy.

There is a basic flaw in the assumption that a consensus on environmental objectives which eludes countries in environmental fora can somehow be reached less painlessly by the same countries in the WTO. The WTO is a consensus-based organization—and all major decisions are reached on the basis of mutual agreement. A country which has not been persuaded to join a consensus to resolve an environmental problem through a MEA can hardly be expected to join a consensus in the WTO to change the trade rules in ways that would allow it to be punished. The reality is probably just the opposite.

There is another important consideration. The WTO is not—and has no intention of becoming—a supranational body with extraterritorial powers. It is not a world policeman that can force compliance upon unwilling governments. WTO rules are freely negotiated by sovereign governments within a consensus-based system. Equally important, the WTO's rules are non-discriminatory, meaning that all countries are guaranteed equal rights within the system—irrespective of their size and power. Let me be clear about this. No country can be obliged to accept rules and disciplines it has not explicitly agreed to. No country is forced to accept WTO dispute rulings—though if a country fails to imple-

## *WTO Environmental Database established*

**T**he WTO Committee on Trade and Environment (CTE), at its meeting on 19-20 March, elected **Ambassador Chak Mun See** (Singapore) as Chairman and adopted its work programme and schedule of meetings for 1998.

The CTE addressed items relevant to the theme of market access and held substantive discussions on the following sectors: agriculture, energy, fisheries, forestry, non-ferrous metals, textiles and clothing, leather and environmental services. That Chairman said that the willingness of delegations to engage in focused sector-by-sector discussions based on national experiences should move forward the process of identifying situations where removing trade restrictions has the potential to be of economic and environmental benefit.

The CTE established a WTO Environmental Database, which the Chairman said represented an important step towards increasing the transparency of trade-related environmental measures. □

ment a WTO ruling, it may have to grant benefits to its trading partners in other areas.

The irony is that some would now undermine these basic principles of international cooperation in the name of larger global objectives. Indeed, one paradoxical result of the current search for global solutions to environmental, social and other issues is growing pressure in some quarters for unilateral trade measures. But whose environmental standards, cultural traditions, political systems represent a universal norm? Which one of these values and standards should be imposed on other countries? And do we really want the WTO to play the judge, jury and police of our environmental, social and ethical values? Not only are we asking the trading system to perform a role for which it was never intended. Worse, this is the surest way of poisoning the spirit of international consensus and cooperation that we so desperately need to begin addressing the broader challenges of the next century.

By stressing the need for multilateral agreements on environmental or other issues, I am not arguing that this is someone else's problem—that these issues are of no concern or relevance to the WTO. What I am arguing is that the best way to tackle global environmental problems is through global environmental policies and institutions. That major initiatives like the Kyoto Protocol or the Singapore agreement on Labour Standards demonstrates that multilateralism can work. And that MEAs which seek to reform basic economic activities such as greenhouse gas emissions can—and are—being reached.

I am also suggesting that we would be making a profound mistake to pretend that the WTO offers some kind of short cut to global environmental or social policy. Unilateralism will not convince any country of the validity of the values which another asserts. Nor will trade sanctions serve as a wake up call for public opinion around the world.

The reality of today's global economy and of economic interdependence means that we must expand, not shrink, the horizons of international cooperation through the means appropriate to each issue. □

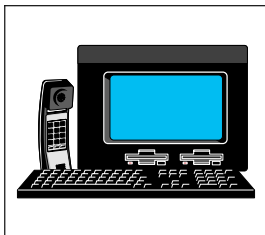
## CTG appoints 1998 Chairpersons of subsidiary bodies

The Council for Trade in Goods, on 4 and 25 March, agreed on the following slate of its subsidiary bodies' Chairpersons for 1998:

- » **Committee on Agriculture:** Ambassador Nestor Osorio Londoño (Colombia);
- » **Committee on Anti-Dumping Practices:** Mr. José Antonio S. Buencamino (Philippines);
- » **Committee on Customs Valuation:** Mr. Mohamed Bentaja (Morocco);
- » **Committee on Import Licensing:** Mme. Marie Gosset (Côte d'Ivoire);
- » **Committee on Market Access:** Mr. Ole Lundby (Norway);
- » **Committee on Rules of Origin:** Mr. Ric Wells (Australia);
- » **Committee on Safeguards:** Mr. Shishir Priyadarshi (India);
- » **Committee on Sanitary and Phytosanitary Measures:** Mr. Alex Thiermann (United States);
- » **Committee on Subsidies and Countervailing Measures:** Mr. Carlos Antonio da Rocha Paranhos (Brazil);
- » **Committee on Technical Barriers to Trade:** Mr. Otto Th. Genee (Netherlands);
- » **Committee on Trade Related Investment Measures:** Mr. Dimitrij Grcar (Slovenia);
- » **Working Party on State Trading Enterprises:** Mr. Jacques T. d'Orfeuille (France); and
- » **Working Party on Preshipment Inspection:** Mr. Edward Brown (United Kingdom). □

### Use of WTO Website continues to rise

The use of the WTO site on the Internet ([www.wto.org](http://www.wto.org)) registered a significant increase in March with the number of terminals accessing the website rising from 37,000 in February to 46,727, and the volume of information downloaded jumping from 17.5 gigabytes to 25.2 gigabytes (about 14 million pages of text) during the same period.



Users of the WTO website come from 133 countries, with the United States, Canada, the United Kingdom, Italy, France and Switzerland leading in terms of both the number of users and volume of data downloaded. The top users in Africa were South Africa, Kenya and Zambia, and in Asia, Chinese Taipei, Japan and South Korea.

The WTO Document Dissemination Facility recorded the highest number of requests. In terms of topics, the dispute settlement pages continued to attract the most interest, with some 20,000 requests.

The Spanish language pages accounted for 24,000 requests and the French language pages for nearly 18,000. □

## China offers tariff cuts

(Continued from page 1)

The head of the Chinese delegation, Vice Minister Long Yongtu, said that its offer of tariff cuts covering 5,669 tariff lines represented a tariff reduction level much lower than the average achieved in the Uruguay Round. He said that in the accession negotiations over the past 12 years, China has made substantial efforts towards WTO accession, including committing itself to the elimination of all non-tariff measures according to a timetable, and the opening up of more than 30 service sectors. Mr. Long criticized what he termed as excessive requests by certain members. He said that China would play a responsible role in the WTO as it was doing in other organizations, and added that in reaction to the recent financial crisis in Asia, it had pledged not to devalue its currency.

Ambassador Girard said that in the informal consultations preceding the meeting, members had requested China to clarify the staging of the tariff cuts and to further reduce tariff peaks. He said that in response to the request for China to consider WTO tariff elimination initiatives in pharmaceutical and information technology products, China had met informally with participants to the WTO Information Technology Agreement. With respect to services, Ambassador Girard said that members had expressed disappointment that China had not been able to submit a further comprehensive offer. □

## MEETINGS

### MAY 1998

1	Committee on Anti-Dumping Practices
1, 25, 29	Committee on Rules of Origin
4-5, 7-8	Committee on Regional Trade Agreements
5	Working Party on Professional Services
6	Working Party on Preshipment Inspection
8	Committee on Customs Valuation
11	Committee for Trade in Services
12-13	Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS)
18, 20	MINISTERIAL CONFERENCE
19	COMMEMORATION OF THE 50TH ANNIVERSARY OF THE MULTILATERAL TRADING SYSTEM
25-27	Textiles Monitoring Body

## WTO FOCUS

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