

## DSB adopts reports on US-EC computer classification dispute

**T**he Dispute Settlement Body (DSB), on 22 June, adopted the Appellate Body report and the panel report, as modified by the Appellate Body, on the United States' complaint against the European Communities' customs classification of certain computer equipment.

The United States had complained that that a reclassification for tariff purposes by the EC, the United Kingdom and Ireland of certain Local Area Network (LAN) equipment and personal computers with multimedia capability had violated Article II:1 of GATT 1994. This provision requires a member to accord to imports from other members treatment no less favourable than that provided for in its tariff schedule.

The panel, established by the DSB in 1997, in a report circulated to members in February 1998, found that the EC had failed to treat imports of LAN equipment from the US in accordance with its tariff schedule. In March 1998, the EC notified its intention to appeal. In a report circulated to members on 5 June 1998, the Appellate Body reversed the panel's finding that the United States was entitled to "legitimate expectations" that LAN equipment would be accorded tariff treatment as ADP (automatic data processing) machines in the EC and the panel's conclusion that the EC tariff treatment of LAN equipment is inconsistent with Article II:1.

The full Appellate Body and panel reports are available on the WTO Website ([www.wto.org](http://www.wto.org)).

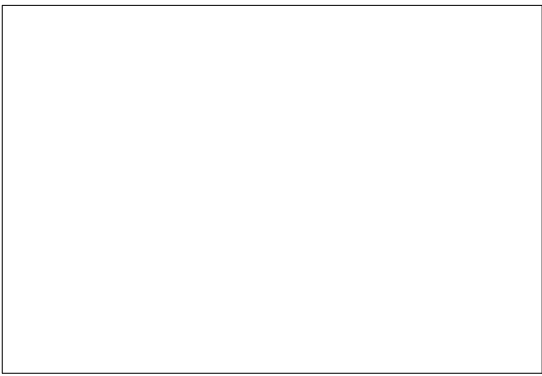
The European Communities welcomed the Appellate Body's ruling.

The United States said that the Appellate Report raised concerns about the stability of tariff commitments provided by members that are part of a customs union.

### **Panel on US-Australia leather dispute**

Under the accelerated dispute-settlement procedures for subsidy complaints, the DSB established a panel to examine the US complaint against Australian subsidies provided to producers and exporters of automotive leather. In its communication, the United States indicated that it had withdrawn its previous panel request on the same measure and that it had decided to terminate any action in pursuance of

*Continued on page 8*



*LDC trade officials gather in front of the WTO headquarters at the conclusion of a trade policy course organized by the Secretariat in April-May. (T. Tang/WTO)*

### **The Netherlands, Switzerland boost WTO technical cooperation programme**

**T**he Netherlands and Switzerland, in June, launched initiatives aimed at supporting and enlarging WTO's technical cooperation activities for developing countries.

The Netherlands announced on 19 June the creation of a new WTO programme for trainees from developing countries, which is due to start in September 1998. The objective is to give the trainees the

*Continued on page 7*

### **Enhanced WTO plan for NGO cooperation**

**W**TTO Director-General Renato Ruggiero announced on 30 June a plan for enhanced cooperation with Nongovernmental Organizations (NGOs). It includes a programme of regular briefings for NGOs by the External Affairs Division on the work of WTO committees and working groups. The Secretariat will also make available to the 132 WTO mem-

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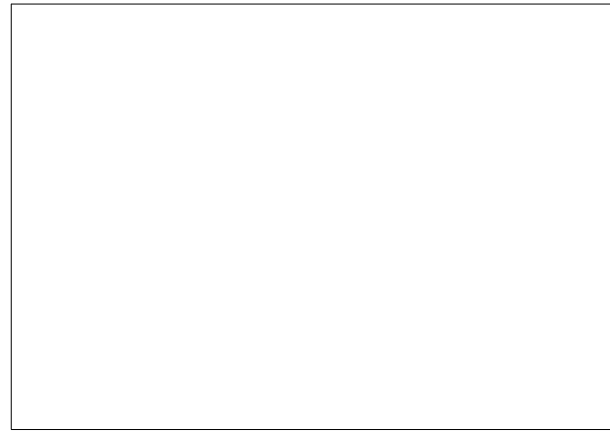
## WTO completes framework for environmental, regional and R&D subsidies

A WTO system enabling governments to establish—free from counter actions by other members—certain subsidy programmes aimed at protecting the environment, helping disadvantaged regions, and promoting research and development is now fully operational.

The WTO Agreement on Subsidies and Countervailing Measures prohibits subsidies on exports or those conditioned on the use of domestic over imported goods. However, it specifically defines certain subsidies for the adaptation of existing facilities to meet new environmental requirements, for assistance to economically-disadvantaged regions of the country, and for research and development activities of firms or higher education establishments as “non-actionable”, or protected from countervailing-duty or dispute-settlement actions by other WTO members. To qualify for non-actionable status, a subsidy programme must satisfy specific criteria set forth in the Agreement.

The WTO framework on “non-actionable” subsidies was completed on 2 June when the Committee on Subsidies and Countervailing Measures adopted procedures for the conduct of binding arbitration regarding the status of these types of subsidies. The Committee previously had adopted the other elements of the framework, which are formats for the initial notification of such programmes and for updating notifications.

The Subsidies Agreement provides that governments may notify in advance of implementation subsidy programmes



*Certain government subsidies, such as those aimed at adapting existing facilities to meet new environmental requirements, are exempt from trade counter-actions in the WTO. (ILO Photo)*

they consider to be “non-actionable”. The Subsidies Committee then reviews these notifications. If there is no consensus in the Committee that a notified programme meets the Agreement’s criteria for non-actionability, any member may request binding arbitration to resolve the status of the programme. The arbitration body is required to present its conclusions within 120 days. □

## WTO to continue work on harmonizing rules of origin

Concluding that work on the harmonization of non-preferential rules of origin could not be completed as foreseen in the Agreement on Rules of Origin on 20 July 1998 due to the complexity of issues, WTO members have committed themselves to make their best endeavour to complete the work by November 1999.

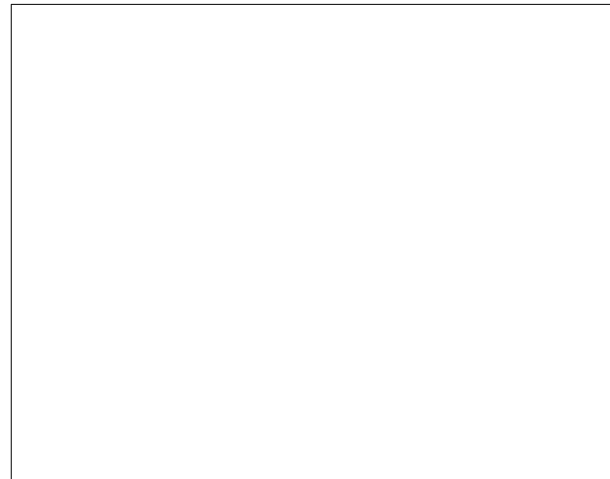
This conclusion is contained in a report adopted by the Committee on Rules of Origin on 6 July. The Council for Trade in Goods, on 8 July, approved the recommendations in the report and forwarded them to the General Council for adoption.

“Rules of origin” are the criteria used to define where a product was made. They are linked to the application of trade measures such as quotas, preferential tariffs, anti-dumping actions and countervailing duties.

The WTO Agreement on Rules of Origin, the first-ever agreement on the subject, provides for a three-year work programme (launched in July 1995) to establish common (“harmonized”) rules of origin on non-preferential trade of members that would be objective, transparent and predictable. These rules do not cover preferential arrangements such as free trade areas. The work is being conducted by the WTO Committee and a Technical Committee under the auspices of the World Customs Organization in Brussels.

The WTO Committee, in its report, noted that despite the complexity of issues substantial progress had been made in the work programme. Technical work on rules for specific products, for example, has been largely completed and work in other areas is far advanced.

The Chairman, Mr. Ric Wells (Deputy Permanent Representative of Australia to the WTO), in introducing the



*Globalization of production has made it difficult to determine where a product comes from. The WTO Committee is working at establishing agreed rules for thousands of goods with the aim of making them objective, transparent and predictable. (ILO)*

report to the Goods Council, said that “the recommendations include a fixed deadline for completion of the work of the Technical Committee on Rules of Origin (May 1999), and a review of the status of the work by the Committee on Rules of Origin in June 1999 with a recommendation of a final deadline for completing the Harmonization Work Programme”. He added that the Committee “proposes to work under strict discipline, with future work programmes for both the Committee and the Technical Committee” □

## Work programme and timetable for negotiations agreed under the plurilateral Agreement on Government Procurement

Parties to the plurilateral Agreement on Government Procurement have agreed to try to complete negotiations on the simplification and improvement of the Agreement by the Third WTO Ministerial Conference in late 1999.

In taking this decision, the Committee on Government Procurement, on 25 June, also adopted a work programme for the negotiations. This calls for the tabling of proposals no later than the end of April 1999, the preparation of a basic negotiating document by the summer of 1999 and intensive negotiations during the autumn of that year.

The parties also agreed that in parallel with the above, they would continue work on two other elements of the negotiations: the elimination of discriminatory measures and practices which distort open procurement and the expansion of coverage.

These negotiations are aimed at facilitating the expansion of membership by making the Agreement more accessible to non-parties. WTO Members not parties to the Agreement and other observer governments to the Agreement have been invited to participate fully in the work programme.

These negotiations are called for under Article XXIV:7 of the Agreement on Government Procurement, which requires that negotiations on improving the Agreement and extending its coverage shall be undertaken before the end of 1998. As preparation for these negotiations, the parties have been reviewing the Agreement following a decision to this effect contained in the Committee's report to the Singapore Ministerial at the end of 1996.

The following WTO Members are Parties to the Agreement: Canada; the European Communities and fifteen member States; Hong Kong, China; Israel; Japan; Korea; Liechtenstein; the Kingdom of the Netherlands with respect to Aruba; Norway; Singapore; Switzerland; and the United States. □

### Members look at growing use of Internet in government procurement

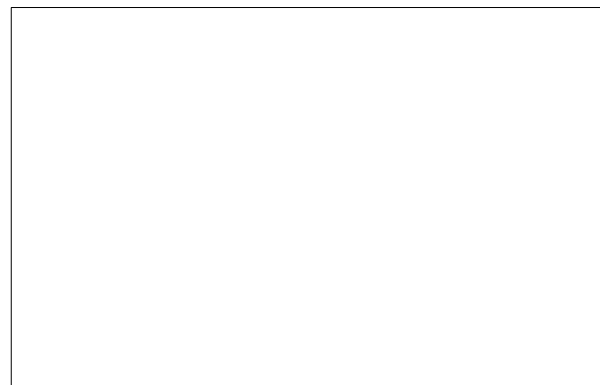
The Internet holds enormous potential for providing instant and easy access to government procurement information, driving down costs for suppliers and procuring agencies, and increasing the overall efficiency of the procurement process. It can also provide small and medium enterprises, even from distant locations, with the opportunity to participate in government tendering opportunities.

A demonstration on the application of information technology in government procurement, organized by the Secretariat on 24 June at the WTO headquarters, underscored that a number of WTO Members—developed, in transition and developing—are already taking advantage of the Internet in procurement.

Experts from Canada, the EC, Finland, Japan, Mexico, Norway, Poland, Singapore and the United States and the WTO Secretariat gave on-line demonstrations. There were also panel discussions on policy issues arising from the use of information technology to facilitate access to information on procurement opportunities and on contracts awards; the possibility of conducting the entire procurement process electronically; and the need for infrastructure building and technical cooperation in developing countries.

The experts said developing countries can also benefit quickly from the use of information technology in improving their government procurement by leapfrogging increasingly outdated technologies. It was recognized that this would require investment in infrastructure and training for both within the government and of suppliers, and experts from some developing and transition economies described how they were able to clear this hurdle. Some experts from industrialized countries expressed the readiness of their governments to provide technical cooperation in this regard.

In opening the event, Mr. Adrian Otten, Director of the Intellectual Property and Investment Division, said that the event had relevance to ongoing WTO work in three areas: the Working Group on Transparency in Government Procurement established at the Singapore Ministerial; the plu-



*The WTO Secretariat holds an on-line demonstration to inform members on the latest developments in the use of information technology in government procurement. (T. Tang/WTO)*

rilateral Agreement on Government Procurement, where Parties are negotiating, among other things, on adapting the Agreement to recent developments in information technology; and the work programme on electronic commerce called for by the Second Ministerial Conference.

The following conducted the on-line demonstrations: Mr. Ken Stepka of NASA on the US Commerce Business Daily Net and Mr. Stephen Ward on EDS-ULAN II Superstore, GSA Advantage and FedCenter Virtual Shopping Mall; Mr. Lee How Sheng and Mr. Mark Tan on Singapore's GITIS and on MIPS, respectively; Mr. Piotr-Niels Górecki on Poland's Public Procurement Bulletin; Ms. Rosanna Fiorin on Canada's MERX Electronic Tendering System; Mr. Antonio G. Schleske Farah on Mexico's COM-PRANET Electronic System; Ms. Vivi Michou on the EC'SIMAP; Ms. Helga M. Stromme on Norway's DOFFIN and Mr. Atsushi Takata on Japan's Government Procurement Database System. Mrs. Vesile Kulaçoğlu presented the WTO Secretariat's Government Procurement site on the WTO Homepage ([www.wto.org](http://www.wto.org)). □

## EC redrafts aflatoxin rules after hearing comments

The European Communities reported on 10 June it is modifying its proposed regulation on aflatoxin, the cancer-causing fungus found in a number of commodities, following other countries' comments in the WTO and in Brussels.

The statement was made on the first day of the Sanitary and Phytosanitary (SPS) Measures Committee's two-day meeting. (Sanitary and phytosanitary measures deal with health and safety for food and other products made from animals or plants.)

The Chairman, Mr. Alejandro Thiermann of the United States, hailed the EC's announcement on aflatoxin as proof of the value of notification and consultation in the SPS Committee.

In its statement, the EC outlined easier maximum contamination levels for aflatoxin in some products, the possibility for doing the same for other products if new data is made available, and relaxed sampling requirements for checking for the presence of aflatoxin.

The EC said the new draft regulation is to be submitted to its foodstuffs standing committee later this month and would take effect from 1 January 1999 at the earliest.

The new draft proposes a 15 parts-per-billion (ppb) maximum instead of the original 10 ppb for aflatoxin in raw groundnuts (peanuts). The EC said this would allow an unchanged 4 ppb maximum for total aflatoxin residue after the nuts have been sorted and treated for direct human consumption, and 2 ppb for aflatoxin B1, the type that is particularly carcinogenic.

The EC added that 15 ppb is the level being discussed under Codex Alimentarius, the FAO-sponsored code for food safety.

For other raw nuts and dried fruit, the proposed maximum aflatoxin level stays at 10 ppb. But the EC said trials are underway to test whether sorting and treatment can achieve the safety levels for direct human consumption if the limit is raised to 15 ppb.

For cereals, the other contentious product, there is no data suggesting sorting will reduce aflatoxin content, but the European Commission is willing to postpone enforcement for a year to see if new evidence emerges, the EC said.

The new draft also eases sampling requirements that critics previously described as onerous. When a consignment is tested for its aflatoxin content, the new draft no longer proposes that every "sub-sample" has to meet the limit, only the average of the sub-samples.

"We have undertaken a serious effort to go as much [as possible] in the direction of the concerns [expressed by other countries]", while at the same time protecting the public against the risk of cancer, the EC delegate said.

Other countries did not comment on the announcement.

At the previous SPS meeting in March, Argentina, the United States, India, Thailand, the Philippines, South Africa, Mexico, Indonesia, Australia, Turkey, Colombia, Senegal, Gambia, Canada, Uruguay, Brazil and Malaysia

were among the countries criticizing the original draft. They complained that it was too strict, went beyond international standards, and would not improve public health.

The discussions in the SPS Committee took place after the EC informed the committee about the draft new regulations, as is required under the SPS Agreement. WTO members commented on the draft in the committee and directly to the EC Commission in Brussels in the period the EC had scheduled for receiving comment before reaching a final decision.

In a separate agenda item, the EC also announced it was preparing to lift a ban on fresh fish from four African countries (Tanzania, Kenya, Uganda and Mozambique). It expected imports could resume 1 July after final approval later this month, the EC said.

Tanzania complained that the ban, designed to prevent the spread of cholera, had no scientific basis and cited a World Health Organization statement that cholera is not spread through trade in fish. Tanzania added that 40% of its fisheries workforce had been laid off, and the country had lost \$46.9m as a result of the ban.

"This is not a small amount to an LDC [least developed country]," Tanzania said. It argued that the ban violated the SPS Agreement, a view the EC rejected.

### Mad cow disease

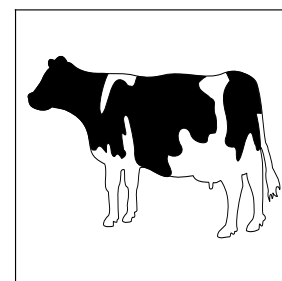
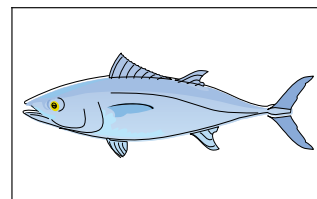
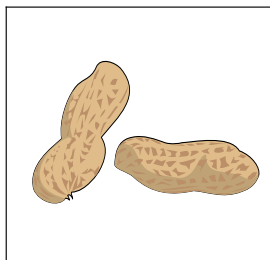
Bovine spongiform encephalopathy (BSE, or "mad cow disease") was discussed under several agenda items as it has been in many previous meetings.

Among the main points raised this time were:

- » an update on proposed EC regulations dealing with products (such as cosmetics) and their ingredients (such as tallow and gelatin) made from materials specified to be risky
- » whether other measures various countries have introduced are justified, and
- » whether countries can be classified as "BSE-free"—the international organization responsible for health standards for animals, the International Office of Epizootics, recently modified its classifications (although some of the criteria are still under study).

The EC said a proposed regulation on so-called specified risk material, originally planned to take effect from 1 April this year has been postponed until 1 January 1999. The original regulation was submitted to the EC's Veterinary Committee which could not reach agreement on it, so the EC Commission is preparing a new draft for the EC Council (which would involve a more extensive legislative process to bring it into force).

The new proposal could have a slightly reduced list of specified risk materials, but that would depend on a scientific



review currently underway, the EC said. The proposal would also alter the way imports from specific countries are treated to reflect the new fourth category introduced by the International Office of Epizootics (OIE).

The Paris-based OIE's latest category is "low risk"—countries where no native cases of BSE have been identified but where surveillance has not taken place for long enough or intensively enough for them to be declared "BSE-free". This is added to existing categories of "high incidence", "low incidence" and "BSE-free".

The EC was responding to comments from the United States, Canada, Argentina, Switzerland and Chile. Except for Switzerland, these and other countries such as Brazil, Australia and New Zealand have repeatedly argued that they are free from BSE.

Several of these countries also expressed concern about the EC's continuing failure to notify the SPS Committee about measures individual EC members have introduced. The EC explained that this was because of the time needed to check internally whether the individual countries' measures conform with regulations for the whole Union, and that efforts are being made to speed up notification to the WTO.

The United States declared its "very strong concern about lack of progress" on this issue. Switzerland and Argentina pointed out that countries' obligations to notify the WTO are more important than problems in their internal procedures.

The exchanges continued when the EC questioned a new US measure temporarily banning imports of some ruminants (cattle, sheep and goats) and ruminant products from European countries with unknown BSE status.

### *Biosafety Protocol*

Canada expressed concern that negotiations on a Biosafety Protocol, which would deal with the safe transfer, handling and use of "living modified organisms" (LMOs, i.e. organisms that have been modified using biotechnology) could have an impact on the WTO's SPS Agreement.

Canada and the United States said that some countries were not coordinating the positions of their own delegations in the SPS Committee and in the biosafety negotiations. Backed by Australia, Mexico, Argentina and others, they added that the negotiations appeared to be leading to a protocol that could create new barriers to agricultural trade and undermine countries' rights and obligations under the WTO's SPS Agreement.

The Committee agreed to arrange informal consultations with representatives of the biosafety talks.

### *Review of SPS Agreement's implementation*

The Committee made some progress in its review of how the SPS Agreement is being implemented, in particular the transparency provisions (which focus on WTO members keeping each other fully informed about the measures they use), and clauses dealing with special treatment and technical assistance for developing countries.

Article 12.2 of the agreement says the Committee is to review the implementation and operation of the Agreement three years after it became effective.

A synopsis of the proposals made on these topics, with an indication of what is required for their implementation, will be considered informally by the Committee when it next meets.

### *WTO and the Office International des Epizooties sign cooperation agreement*

Mr. Jean Blancou, Director-General the Office International des Epizooties (OIE), and Mr. Renato Ruggiero, Director-General of the World Trade Organization, exchanged letters of cooperation on 4 May 1998.

The exchange formalizes cooperation that has already been taking place between the two organizations related to the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) which establishes rules for human, animal and plant health measures affecting international trade.

The OIE is the world organization for animal health. It establishes recommendations and guidelines for the regulation of trade in animals and products of animal origin. Headquartered in Paris, it was created in 1924 and now comprises 150 members.

The WTO deals with international trade rules. Its SPS Agreement recognizes the OIE as the leading international standards-setting organization for animal health and animal diseases that are transmissible to humans (zoonosis). □

The Committee will also begin to review the provisions on adapting measures to regional conditions (i.e. recognition of disease-free areas within countries), the establishment and use of internationally-developed standards (referred to as "harmonization"), and recognition of equivalence (different ways to achieve the same level of health protection).

### *Consistency in assessing risk*

Discussions in the SPS Committee on the subject of "consistency" are part of a commitment written into the SPS Agreement. Under the agreement countries should try to be consistent when they assess the risks involved and then use the assessments to draw up health and safety regulations for different products. The purpose is to avoid countries using SPS regulations as protectionism-in-disguise by being particularly strict on the risks associated with a particular product.

The Agreement says the Committee should draw up guidelines on how members apply this. A number of countries have made preliminary suggestions about how they interpret the clauses on consistency, and on what the guidelines should contain.

### *Other issues discussed*

Bilateral questions were raised about notifications or other measures: Thailand-Korea on poultry, Thailand-Mexico on rice, Philippines-Brazil on coconut products (interest from several other coconut exporters), Hungary-EC-Slovak Republic on apples, pears and quinces, US-Turkey on livestock, and Switzerland-Australia/New Zealand on hard cheeses.

The Committee also discussed transparency (in this case referring to notifications), monitoring the use of international standards as a basis for countries' SPS measures, and relations with other organizations such as the World Health Organization and the International Office of Epizootics. □

## Southern Africa encouraged to build on recent trade achievements

*The Trade Policy Review Body (TPRB) conducted its second review of the members (Botswana, Lesotho, Namibia, South Africa and Swaziland) of the Southern Africa Customs Union's (SACU) trade policies from 21-23 April. Excerpts from the Chairperson's concluding remarks:*

Members welcomed the recent changes in the trade policy of SACU members and the adoption of more outward-oriented trade practices. However, some Members considered that SACU's existing tariff structure might not be completely appropriate for the smaller economies. Moreover, some import prohibitions and controls were maintained. Overall, the trade regime still appeared to show a certain anti-export bias. Members welcomed the Tariff Rationalization Process, but a rather complex tariff regime remained, which lacked a certain transparency and stability. Some sectors were protected behind high and escalating tariffs. One Member expressed concern about the recent tariff increases on dairy products. Several Members inquired about proposed tariff increases on certain electronic and agricultural products. Members encouraged SACU countries to further simplify the tariff and reduce the rates.

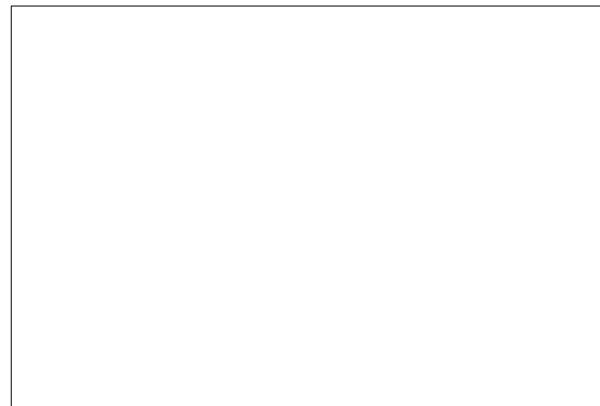
Some Members sought information on efforts to restructure South Africa's trade remedy regime, expressing some worry about the application of anti-dumping measures. Questions were also asked about the use of local content requirements in industries such as motor vehicles and telecommunications.

On intellectual property, concerns were expressed about certain aspects of South Africa's TRIPS legislation, including its application to pharmaceuticals. South Africa was encouraged to modify its TRIPS legislation and thus provide a model on intellectual property protection to other SACU members. Information on the status of the various TRIPS-related bills was requested.

Members welcomed South Africa's removal of the General Export Incentive Scheme, but drew attention to the wide variety of export incentive schemes that still remained.

Speaking on behalf of its SACU partners, **South Africa** noted that the perceived anti-export bias in its trade policy instruments was not simply related to the tariff structure but to a complex set of factors. In this respect, it was essential to examine specific trade matters as part of the integrated approach South Africa had adopted on trade, industrial, investment and competition policy matters. Industrial and trade policies aimed at accelerating industrial restructuring and raising competitiveness. To achieve such restructuring, legitimate industrial instruments and export promotion measures were being used.

The representative added that the tariff structure was not complex, except perhaps with respect to textiles. The ongoing tariff restructuring, which had incorporated a downward trend in rates, would continue reducing the number of tariff bands. Moreover, South Africa was committed to a structure of ad valorem tariffs and, excluding some agricultural products, this would be achieved by 1999. The still frequent tariff changes were mainly linked to the restructuring process.



*President Nelson Mandela of South Africa, at the 50th anniversary commemoration in May, urged WTO members to "forge a partnership for development through trade and investment". (Lightmotif-Blatt Photo)*

Strict guidelines were used to consider tariff increases; thus while policy had at times been selective, changes were made in transparent manner. Compound and formula tariffs applied to only a few items. South Africa would allow formula tariffs to lapse by January 1999. Tariff phase-down schedules had also been published for major sectors such as textiles, clothing, and motor vehicles.

Remaining quantitative import restrictions were not a significant trade barrier with almost all such restrictions having been removed. Restrictions on black tea would be tariffed and local content requirements on this product removed within the next few months. Licensing was used on a non-restrictive basis. Import restrictions on used goods would remain in order to protect against disruptive prices. Most export controls were not applied restrictively and were to be removed. The representative of **Namibia** added that his Government was in the process of reviewing Namibia's import and export licensing regime, to assure full conformity with WTO rules.

The representative of South Africa noted that while it would be a major challenge to streamline the rules of origin in existing and future trade agreements, and in the Lomé Convention, such rules were, by the nature of customs unions, not an issue for SACU itself.

South Africa applied trade defense measures in accordance with WTO rules and legislation was being amended to reflect this. He added that given South Africa's short experience with such measures, further experience and capacity would be required to cope with the growing number and complexity of investigations.

On intellectual property, the South African representative said that his country was the only developing country to have assumed full and immediate obligations under the TRIPS Agreement. The representative of **Botswana** gave details on the Copyright and Neighbouring Rights Bill that was expected to be tabled in Parliament in July 1998.

### **Sectoral issues**

Expressing full appreciation for the progress made by South Africa in liberalizing its agricultural sector, Members inquired about plans for the abolition of the remaining control boards; some participants expressed concern about the evolution of tariffs on agricultural products

The representative of **South Africa** indicated that his Government had been engaged in an agricultural policy reform process that would result in a White Paper for agriculture by end 1998. In line with such reform, all agricultural marketing boards had been phased out in 1997 and export controls on agricultural products had either been removed or were not applied restrictively. Price controls had also been eliminated, except on sugar. Reform of the marketing of wine and sugar was under way.

The representative of **Botswana** noted the liberalization already achieved in telecommunications in her country, and the representative of **Lesotho** indicated that steps were being taken to promote tourism. He added that his Government

had removed distortions caused by the agricultural self-sufficiency policy followed in the 1980s; policy was now geared to exploiting Lesotho's comparative advantage in the production of high value crops. In manufacturing, Lesotho was committed to maintaining the momentum achieved in the past decade, including in clothing, with an export-led growth strategy. The representative of **Namibia** added that Namibia was committed to liberalizing its service sector and that it would participate in the next WTO round of negotiations on trade in services. The representative of **Swaziland** noted that liberalization of telecommunications in his country was under consideration.

## *Trade agreements*

Members took note of the importance attached by SACU countries to their participation in the multilateral trading system and of their determination that their regional agreements would conform with the rules of the multilateral system. Certain SACU countries still faced some challenges in reviewing their domestic legislation to ensure conformity with multilateral rules. Some SACU members might also need to strengthen their institutional capacity to implement their individual WTO rights and obligations; the WTO could provide technical assistance for this.

The representative of **South Africa**, speaking on behalf of the other SACU members, stated that their countries were engaged in efforts to foster economic growth and balanced development through cooperation and integration. Regional integration would help build a competitive regional economy that would provide a basis for more effective integration into the world economy. Given the disparity of economies involved, this process would require strategies to boost supply capacity in the smaller SACU economies. Measures would also be needed to ensure that these countries did not suffer sudden reductions in SACU revenue. The representatives of **Botswana** and **Namibia** stressed that their Governments sought to make SACU more democratic.

With regard to the SADC Trade Protocol, the South African representative indicated that SACU partners would make a comprehensive offer at the soon to be held SADC Ministerial meeting. The ratification of the SADC Trade Protocol was progressing and concerns about delays were premature. It would be notified to the WTO following the conclusion of the substantive agreement and its ratification.

Negotiations were still in progress on a comprehensive trade, cooperation and development agreement between South Africa and the European Union. Both parties desired to conclude those negotiations by June 1998.

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Overall, Members welcomed the collective participation by Botswana, Lesotho, Namibia, South Africa and Swaziland in the review process. Members appreciated the recent measures taken by them towards economic reform and market opening. Members also emphasized the importance of the continued pursuit of these policies, both to increase market access and to improve the stability and transparency of the SACU trade regime. I wish to emphasize that the thrust of the discussion was supportive of the underlying direction of economic and trade policies in Southern Africa during a period of sharp transition in that region. Members offered strong encouragement to the five countries reviewed to consolidate and build on the achievements of recent years. □

## ***Technical cooperation***

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opportunity to learn, while working for the WTO, about trade and development related matters and to develop their knowledge of trade policy. After a maximum of two years, the trainees will go back to their ministries and contribute to the strengthening of their countries' institutional capacity.

"Effective integration of developing countries in the international trading system is crucial not only for their development, but also for the credibility of the WTO as a *world* trade organization. This requires institutional capacity in these countries to deal with WTO matters. Through this initiative, we hope to make a modest contribution to this effect," said Ambassador Eveline Herfkens, Permanent Representative of the Kingdom of the Netherlands.

Initially, there will be up to three trainees per year, whose selection and recruitment shall be done by the WTO Secretariat. Trainees will be considered as WTO staff members during their assignment and will receive normal salary, but will not take up regular staff posts. The content and duration of the assignment will depend on the circumstances and qualifications of each candidate.

Switzerland, in May, made a grant of SwF 1.5 million to the WTO for the financing of a multi-year technical cooperation programme on behalf of developing and transition-economy countries. These resources are primarily to be devoted to meeting the needs of least-developed countries.

The purpose of this aid is to help beneficiary countries overcome the difficulties they face in implementing the WTO Agreements and to promote their integration into world trade. The funds provided will make it possible to finance the necessary legal expertise for establishing national legislation in the specific WTO areas (in particular customs valuation, technical barriers to trade, and sanitary and phytosanitary measures) as well as a large number of training activities.

This new contribution comes in addition to the annual grant of SwF 300,000, which Switzerland has made since 1991 for the organization of training courses for Central and Eastern European and Central Asian countries that are candidates for accession to the WTO. □

***DSB***

*(Continued from page 1)*

the DSB's decision of 22 January 1998 to establish a panel (see WTO FOCUS No. 27). Australia, which recognized the right of the United States to a panel, raised procedural concerns of whether the DSB could terminate panel proceedings at the request of the complainant and whether the complainant could unilaterally terminate panel proceedings. In the light of the discussions, the Chairman proposed that the DSB revert to these procedural issues in the near future.

***EC requests panels on safeguard measures***

The European Communities requested a panel to examine its complaint that Korea's definitive safeguard measure on imports of certain dairy products, in form of an import quota on milk powder, contravened the Agreement on Safeguards and Article XIX of GATT 1994.

Korea objected to the EC request and maintained that its measure conformed with the WTO. It said that it had worked out a bilateral solution to this matter but that the EC had not lived up to its commitment due apparently to internal disagreement.

The EC said that Argentina's provisional safeguard measures on imports of footwear, in the form of minimum specific duties, violated the Agreement on Safeguards and Article XIX of GATT 1994, and requested a panel.

Argentina said that it complied fully with its WTO

obligations. It believed that efforts to resolve the matter through consultations had not yet been exhausted and thus could not agree to a panel at that meeting.

The DSB agreed to revert to the two EC requests at a future meeting.

***EC's banana regime***

The United States, speaking also on behalf of Ecuador, Guatemala, Honduras, Mexico and Panama, expressed deep concern that a proposal by the European Commission would fail to implement recommendations of the Appellate Body and the panel with respect to the EC's banana trade regime.

The EC said that the proposal did not yet constitute an implementation measure, adding that it was not expected to submit an implementation report until early July 1998.

***Other business***

The DSB also took up the following points:

- » Argentina said it had reached agreement with the United States on the reasonable period of time and method of implementation in the case involving imports of footwear and textiles.
- » Cuba expressed concern that an EC-US agreement regarding their dispute over the so-called Helms-Burton Act had not yet been notified to the WTO. The EC said it had not yet reached a final conclusion with the US on this matter.
- » Mexico expressed concern that Ecuador had initiated an anti-dumping investigation into imports of Mexican cement. □

***NGOs*** *(Continued from page 1)*

bers a list of documents, position papers and newsletters submitted by NGOs.

A special section of the WTO Website will be devoted to NGO issues, including the list of documents submitted by the NGOs and upcoming WTO symposia or other events organized for the benefit of NGOs. Since 1996, NGOs with links to trade issues have been invited to both Ministerial Conferences and have participated in many symposia organized by the Secretariat.

"We are making progress toward improving our information exchange and consultation with civil society. These measures are the first step in on ongoing collaboration with partner NGOs, which we fully expect will offer important benefits to all parties concerned", said Mr. Ruggiero.

He explained that WTO members had in 1966 established guidelines which direct the organization in relations with Civil Society. It is within these guidelines that this enhanced cooperation has been formulated. While the Secretariat has flexibility with respect to informing and consulting with NGOs, for instance, other issues including opening dispute settlement hearings and other WTO meetings to the public can only be approved by a consensus of members. The same situation pertains to the issue of more rapid derestriction of documents. Members will review the existing policy on derestriction in July. □

**MEETINGS**

**September 1998**

<b>14</b>	Committee on Trade-Related Investment Measures Committee on Technical Barriers to Trade
<b>14-16</b>	Textiles Monitoring Body
<b>15-16</b>	Trade Policy Review: Argentina
<b>15</b>	Committee of ITA Participants
<b>16</b>	Committee on Sanitary and Phytosanitary Measures
<b>17-18</b>	Council for TRIPS
<b>22</b>	Committee on Market Access Dispute Settlement Body
<b>23-25</b>	Working Group on the Interaction between Trade and Competition Policy Committee on Regional Trade Agreements
<b>24</b>	Working Party on Preshipment Inspection
<b>24-25</b>	General Council
<b>28-29</b>	Committee on Balance-of-Payments: Bulgaria
<b>30</b>	ITA Committee

**WTO FOCUS**

Newsletter published by the Information and Media Relations Division of the WTO.

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**ISSN 0256-0119**





