

EC, US accept compromise on banana dispute

The European Communities and the United States, at the meeting of the Dispute Settlement Body (DSB) on 29 January, essentially followed a compromise proposal by WTO Director-General Renato Ruggiero on their dispute over trade in bananas. This broke a week-long impasse over DSB procedures, which many delegations had said threatened the whole WTO dispute-settlement system itself.

Mr. Ruggiero hailed the result as “a triumph for the WTO and the rule of law in international trade”. He said that while all problems have not been resolved, “we are now in a position to find the necessary solution inside the WTO rules”.

Under the Director-General’s proposal, made on 25 January, both parties would enter into consultations immediately to find a mutually-agreed solution to their dispute over trade in bananas. They also would follow the WTO dispute-settlement procedures under which the US request for suspension of concessions against the EC would be authorized by the DSB only after the decision of an arbitrator on the level of suspension of concessions. The arbitrator in this case would be the original panel that had examined the EC’s banana regime.

The Chairman, Ambassador Kamel Morjane (Tunisia), proposed a similar solution at the resumed DSB meeting on 29 January.

Both the EC and the United States said they were not satisfied completely with the proposal. None the less, the EC requested arbitration of the level of suspension of concessions. As a result, no action was taken on the US request.

The EC and the United States paid tribute to the Direc-

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All for one: Former General Council Chairmen William Rossier (Switzerland) and Celso Lafer (Brazil), the new Chairman Ambassador Ali Said Mchumo (Tanzania) and outgoing Chairman John Weekes (Canada) at a reception marking Mr. Lafer’s return to Brazil as Trade Minister. (Photo by Tania Tang/WTO)

Seattle preparations enter new phase

WTO members have completed the initial phase of preparations for the Seattle Ministerial Conference, and will be moving on to the next phase: the tabling of specific proposals with regard to the work programme referred to in the Geneva Ministerial Declaration.

The General Council, at a special session on 25 February, approved a schedule of formal and informal meetings for the second phase, covering the period March to July. The Chairman, Ambassador A. Mchumo (Tanzania), noted that the schedule would establish a basic rhythm of regular monthly meetings followed by informal intersessional meetings.

The outgoing General Council Chairman, Ambassador John Weekes (Canada), reported that during the first phase of preparations—consisting of informal intersessional meetings held in October, November and December 1998 and on 27 January and 2 February 1999—delegations had pursued a

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General Council

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discussion of issues identified in paragraph 9 of the Geneva Ministerial Declaration. The large number of issue papers submitted by delegations and the discussions, he said, had given members a more comprehensive and detailed understanding of the issues that needed to be taken into account in drafting a text for the Seattle Ministerial. Ambassador Weekes said that the next phase should be driven by proposals from members concerning possible recommendations to Ministers.

Delegations also took the opportunity to highlight their priorities in future discussions.

Egypt said that at the conclusion of the Ninth Summit meeting of the G-15 countries (Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Kenya, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe) held on 10-12 February in Jamaica, the Heads of State and Government had stressed that the following principles should underpin the preparatory process: the full implementation of special and differential treatment provisions for developing countries in various WTO Agreements, the importance of redressing the difficulties faced by developing countries in the implementation of the Uruguay Round results, and that the lack of implementation or non-fulfilment of Uruguay Round obligations should not be used as bargaining instruments for obtaining further concessions from developing countries.

The European Communities said it remained deeply committed to the launch of a comprehensive trade round next year. It said that many members now support the EC position, and that it saw growing support for new negotiations to be conducted and concluded in about three years. The EC said the new round should also address the concerns of developing countries, and proposed that one Seattle decision be that developed countries agree to grant tariff-free treatment to least-developed countries. It also called for the new round to deal with new subjects mentioned in the Singapore Declaration: transparency in government procurement, competition rules, investment and trade facilitation.

El Salvador, speaking also on behalf of Cuba, the Dominican Republic, Honduras and Nicaragua, said the highest importance should be given to the problems relating to the implementation of existing agreements and decisions that developing countries had been facing since the WTO's establishment.

Malaysia, speaking on behalf of the ASEAN members, said that they were keeping an open mind on proposals for new issues, but these would have to be assessed according to the following criteria: that they are trade-related; within the competence of the WTO and not duplicative of work in other organizations; of common concern to all members; and whether they commanded consensus among members. These criteria, it said, underpin the ASEAN stand regarding the introduction of labour standards and environmental issues in the negotiating agenda.

The United States said that President Clinton had issued recently a challenge to launch a new type of global trade

WTO CHAIR PERSONS FOR 1999

- **General Council:** Amb. Ali Said Mchumo (Tanzania)
- **Dispute Settlement Body:** Amb. Nobutoshi Akae (Japan)
- **Trade Policy Review Body:** Amb. Jean-Marie Noirfalisse (Belgium)
- **Council for Trade in Goods:** Amb. Roger Farrell (New Zealand)
- **Council for TRIPs:** Amb. Carlos Pérez del Castillo (Uruguay)
- **Council for Trade in Services:** Mr. Stuart Harbinson (Hong Kong, China)
- **Committee on Trade and Environment:** Amb. István Major (Hungary)
- **Committee on Trade and Development:** Amb. Absa Claude Diallo (Senegal)
- **Committee on Budget, Finance and Administration:** Mme. Laurence Dubois-Destriez (France)
- **Committee on Balance-of-Payments Restrictions:** Mr. Tomasz Jodko (Poland)
- **Committee on Regional Trading Agreements:** Amb. Krirk-Krai Jirapaet (Thailand)
- **Working Group on the Relationship between Trade and Investment:** Amb. Man Soon Chang (Korea)
- **Working Group on the Relationship between Trade and Competition Policy:** Prof. Frédéric Jenny (France)
- **Working Group on Transparency in Government Procurement:** Amb. Ronald Saborío Soto (Costa Rica)
- **Committee on Trade in Agriculture:** Amb. Nestor Osorio Londoño (Colombia)

The road to Seattle

24, 26 March	General Council Special Session: Suggested focus -- Proposals on paragraph 9(a) of the Ministerial Declaration
12-13 April	Informal meeting
22-23 April	General Council Special Session: Suggested focus -- Proposals on paragraphs 9(b)-9(d) of the Declaration
3-4 May	Informal meeting
20-21 May	General Council Special Session: Suggested focus -- Proposals on paragraphs 9(a)-9(d) of the Declaration
7-8 June	Informal meeting.
21-22 June	General Council Special Session: Suggested focus -- Proposals on paragraph 10 of the Declaration
6-7 July	Informal meeting
9 July	General Council Special Session: Suggested focus -- Further discussion of proposals on paragraphs 9 and 10 of the Ministerial Declaration
28-29 July	General Council Special Session: Suggested focus -- Further discussion of proposals on paragraphs 9 and 10, and the organization of future work

round that would require the following decisions to be put to Ministers in Seattle: how negotiations would be conducted in the mandated areas of agriculture and services, supplemented by additional issues such as industrial market access, to ensure a broad-based negotiation reflecting the interests of all; decisions that would ensure that the WTO continued to be adapted to new challenges, such as ratification of the results of the review of the Dispute Settlement Understanding; and other decisions and agreements including on the APEC tariff initiative, transparency in government procurement, and improvements in the area of electronic commerce, which would demonstrate that the WTO continued to be a forum for ongoing liberalization in keeping the changes in the global economy. It said such results would ensure that members maintained the momentum and support for an open, multilateral trading system.

Uganda said that special provisions for least-developed countries should be made an integral part of the WTO. These would deal with the structural weaknesses of LDC economies, and create a balance in the distribution of benefits from the system.

Hungary, speaking also on behalf of Bulgaria, the

Czech Republic, Poland, Romania, the Slovak Republic and Slovenia, expressed support for a new, comprehensive trade round. It welcomed what it said were signs of a growing consensus on inclusion of industrial tariffs, investment, competition, transparency in government procurement, trade facilitation and electronic commerce.

India questioned the argument that a comprehensive round encompassing many subjects would lead to a better balance of rights and obligations for developing countries. It stressed that all the new issues had been proposed by developing countries. India said that if a large number of negotiations issues was really of benefit to the developing countries, then the Uruguay Round should have by now given maximum benefits to these countries. This has not happened, it said.

Canada underlined the importance of connecting the work being done in Geneva with the realities of the challenges being faced by firms and workers. Proposals should be made understandable to help build public support for the WTO. Canada expressed interest in issues such as further reductions in industrial tariffs, trade facilitation, curbing abuse of anti-dumping actions, and respect for sound cultural, environmental and labour policies. □

"Preparing for the bigger challenges ahead"

Excerpts from the closing speech by the outgoing General Council Chairperson, Amb. John M. Weekes (Canada), on 16 February:

I consider that we, the Members of the Organization, can be proud of what we have done in the past year, but it is clear that we face even bigger challenges in the year ahead. In the past year, we have had a very successful Ministerial Conference in May. The Geneva Declaration established the basis for the preparations for the Third Ministerial Conference. We have carried forward those preparations in the Special Session of the General Council in September, which it self-launched a series of intersessional meetings in which we have been able to have a detailed and effective exchange of views on how to approach preparations for the Third Ministerial Conference. Also at the Ministerial Conference in May we adopted a Declaration on Electronic Commerce showing, once again, that the WTO can move with the times. Of great significance in May was the commemoration of the 50th Anniversary of the Multilateral Trading System with the participation of Heads of State and Government from many Member countries. This event underlined the growing importance of trade and the World Trade Organization for the world community. Of course, it was your Director-General's tireless efforts which made this event such a success.

Let me talk about some of the priorities that I would suggest you might work on during the following year.

The first and most urgent is the appointment of the next Director-General. It is as blatantly clear that it is now the most urgent task before the Organization.

Of enormous significance are the preparations for the Seattle Ministerial Conference, and the new negotiations that it will initiate. This will be the matter which will, no doubt, dominate the activities on the agenda of this Organization over the coming months.

On a more personal basis, having spent almost four years now working in the WTO, and as a Chairperson for three of those years, I think perhaps it is time, on the eve of new negotiations, that we quietly reflect on the structure of the WTO. It must of course be a member-driven Organization. But, as I mentioned earlier in my statement, we now have 36 standing bodies and over 30 accession working parties. This puts a tremendous burden on the Members, and on occasion I wonder whether we do not lack some what in coherence.

The last personal observation I would like to make is about consensus, on which we have also heard some discussion recently. I must say when I try to explain to people outside of this Organization how the consensus process works, and that it actually does work in the WTO, I am often met initially with a certain amount of incredulity. It does not appear immediately, intuitively, that 134 countries would be able to reach decisions on the basis of consensus. I think of the consensus principle a little bit like Winston Churchill's reference to democracy when he said that it was the least unsatisfactory form of government. Consensus is the bedrock of this Organization. Think about what this Organization is about in terms of providing a forum for the exchanging and binding of concessions, and ensuring the predictability of the conditions of trade. In such an Organization, how else would we be able to get democratically elected legislatures to agree to the commitments that are negotiated here if it was not done on the basis of consensus? I would suggest to you that the consensus principle will be equally critical to the future vitality and viability of this Organization in the years ahead. □

EC, US accept compromise

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Chairman Ambassador Kamel Morjane (Tunisia) reads out the compromise text that resolved a procedural crisis in the DSB. (Photo by Tania Tang/WTO)

tor-General, the DSB Chair man and other dele gations for their ef forts to find a so lu tion.

In dia praised the two par ties for their states man ship in ar riv ing at a so lu tion that pre vented a break down of the system.

Dom i nica said that mem bers should not for get, un derneath the le gal wran glings of the past few days, the plight of small pop u la tions de pend ent on ex port of ba nanas for their liveli hood.

The DSB meeting was supposed to have started on Mon day, 25 Jan u ary. The United States had in scribed on the agenda a re quest for au tho ri za tion to sus pend the ap pli ca tion to the EC of tar iff con ces sions cov er ing trade in the amount of US\$520 mil lion. It said that this amount rep re sented loss in US ex ports due to what it said was the EC's fail ure to im ple ment the DSB rec om men da tions on ba nanas. The United States stressed that un der the rules, the DSB is re quired to grant such a re quest.

Dominica, Côte d'Ivoire and St. Lucia initially opposed the in clu sion of what they de scribed as an "il le gal" US re quest on the DSB agenda, with the EC ex press ing support for their position. This effectively blocked the DSB from con ven ing its meet ing un til Thurs day, 28 Jan u ary and resulted in long dis cus sions over DSB pro ce dures. □



Preparing bananas for export: the original panel has been re-convened to look into the trade dispute. (ILO Photo)

The banana dispute: a chronology

25 September 1997: The DSB adopts the Appel late Body re port and the panel re port, as mod i fied by the Ap pel late Body, on EC's re gime for the Im port a tion, sale and dis tri bu tion of ba nanas (com plain ts by Ec ua dor,



Gua te mala, Hon du ras, Mex ico and the United States). The panel found that the EC's ba nana im port re gime, and the li cens ing pro ce dures for the im port a tion of ba nanas in this re gime, are in con sis tent with the GATT. It fur ther found that the waiver on the EC-ACP Lomé Con ven tion waives the in con sis tency with GATT Ar ti cle XIII, but not in con sis tencies aris ing from the li cens ing sys tem. The Ap pel late Body mostly up held the panel's find ings, but re versed the find ing that the in con sis tency with Ar ti cle XIII is waived by the Lomé waiver, and that cer tain as pects of the li cens ing re gime vi o lated GATT Article X and the Import Licens ing Agree ment.

7 January 1998: The ar bi tra tor finds the rea son able pe riod of time for im ple men ta tion of the DSB rec om men da tions to be the pe riod from 25 Sep tem ber 1997 to 1 Jan u ary 1999.

18 Au gust 1998: The com plain ants re quest con sul ta tions with the EC (with out prej u dice to their rights un der DSU Article 21.5), for the resolu tion of the dis agree ment be tween them over the WTO-consistency of mea sures in tro duced by the EC in re sponse to the rec om men da tions.

25 No vember 1998: The EC an nounces that it had adopted a sec ond Reg u la tion to im ple ment the DSB rec om men da tions, and that the new sys tem will be fully op er a tional from 1 Jan u ary 1999.

15 De cember 1998: The EC re quests the es tab lish ment of a panel un der Ar ti cle 21.5 to de ter mine that the im ple ment ing mea sures of the EC must be pre sumed to con form to WTO rules un less chal lenged in ac cordance with DSU pro ce dures.

18 De cember 1998: Ec ua dor re quests the re-es tab lish ment of the orig i nal panel to ex am ine whether the EC mea sures to im ple ment the rec om men da tions of the DSB are WTO-consistent.

12 Jan u ary 1999: the DSB agrees to re con vene the orig i nal panel, pur su ant to Ar ti cle 21.5 of the DSU, to ex am ine both Ec ua dor's and the EC's re quests. Ja maica, Nic a ra gua, Co lom bia, Costa Rica, Coté d' Ivoire, Do min i can Re pub lic, Dom i nica, St. Lu cia, Mau ri tius, St. Vin cent, in di cate their in ter est to join as third par ties in both re quests, while Ec ua dor and In dia in di cate their third-party in ter est only in the EC re quest.

14 Jan u ary 1999: the United States, pur su ant to Ar ti cle 22.2 of the DSU, re quests author iza tion from the DSB for sus pen sion of con ces sions to the EC.

29 Jan u ary 1999: The EC, pur su ant to Ar ti cle 22.6 of the DSU, re quests ar bi tra tion on the level of sus pen sion of con ces sions re requested by the United States. The DSB re ferred the is sue of the level of sus pen sion to the orig i nal panel for ar bi tra tion within 30 days. Pur su ant to Ar ti cle 22.6 of the DSU, the re quest for the sus pen sion of con ces sions by the United States was de ferred by the DSB un til the de ter mi na tion, through the ar bi tra tion, of the ap pro pri ate level for the sus pen sion of con ces sions. □

DSB establishes three new panels

At the resumption of its meeting on 1 February, the DSB established three panels and agreed to revert to a panel request—by the EC against US' counter-vailing duties on certain steel imports from the United Kingdom—at its next regular meeting scheduled for 17 February. It also heard status reports on the implementation of DSB recommendations from India and the EC.

Canada's patent protection of pharmaceutical products

The European Communities said that while it supported the balance struck in the TRIPS Agreement between the protection of patents and the promotion of public welfare, it believed that any lowering of standards with respect to the former would disturb this balance. Thus, it was reiterating its request for a panel against Canada's measures.

In its formal request, the EC claims that Canada's legal regime allowing third parties, without the consent of the patent holder, to carry out experiments required for marketing approval, and the manufacture and stocking of patented products before the expiry of the patents concerned violated provisions of the TRIPS Agreement.

Canada maintained that its patent regime is part of a balanced approach that protects patent rights and allows immediate distribution of products after expiry of patents. It stressed this approach is consistent with the balance in the TRIPS Agreement between patent protection and societal rights. Canada warned that the EC request challenges government policies aimed at providing affordable access to pharmaceutical products, and thus should be of concern to all WTO members.

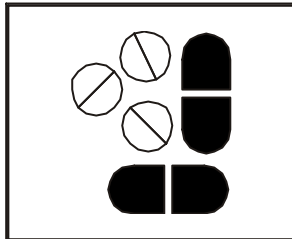
The DSB established a panel to examine the EC complaint. Australia, Brazil, Cuba, India, Israel, Japan, Poland, Switzerland and the United States indicated their interest to participate as third parties in the panel proceedings.

US Anti-Dumping Act of 1916

The EC, in reiterating its panel request, claimed that the US Anti-Dumping Act of 1916 violates provisions of GATT 1994 and the Anti-Dumping Agreement by, among other things, providing for discriminatory treatment of imported products.

The United States expressed disappointment that the EC chose to pursue a case against what it described as an obsolete statute, under which no action had been taken during the past 82 years.

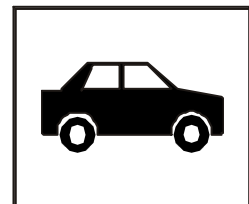
The DSB established a panel to examine the EC request. India, Japan and Mexico stated their interest to participate as third parties in the panel proceedings.



ACTIVE PANELS (26 February 1999)		
Complainant	Subject of the complaint	Date established
EC	Argentina - Measures affecting textiles and clothing	16.10.1997
EC	Chile - Taxes on alcoholic beverages	25.03.1998
United States	India - Quantitative restrictions on imports of agricultural, textile and industrial products	18.11.1997
New Zealand	EC - Measures affecting butter products (panel proceedings suspended)	18.11.1998
India	Turkey - Restrictions on imports of textile and clothing products	13.03.1998
New Zealand, US	Canada - Measures affecting dairy products	25.03.1998
US	Australia - Subsidies provided to producers and exporters of automotive leather	11.06.1998
EC	Korea - Definitive safeguard measure on imports of certain dairy products	23.07.1998
Canada	Brazil - Export financing for aircraft	23.07.1998
Brazil	Canada - Measures affecting the export of civilian aircraft	23.07.1998
EC	Argentina - Safeguard measures on imports of footwear	23.07.1998
EC	US - Tax treatment for "Foreign Sales Corp."	22.09.1998
EC, Japan	US - Measure affecting government procurement (panel proceedings suspended)	21.10.1998
US	Mexico - Anti-dumping investigation of high-fructose corn syrup (HFCS) from the United States	25.11.1998
Canada	EC - Measures affecting the prohibition of asbestos and asbestos products	25.11.1998
EC, Ecuador	EC - Measures affecting the importation, sale and distribution of bananas (panel reconvened)	12.01.1999
EC	Canada - Patent protection of pharmaceutical products	01.02.1999
EC	United States - Anti-Dumping Act of 1916	01.02.1999
Japan, EC	Canada - Certain measures affecting the automotive industry	01.02.1999
EC	United States - Imposition of counter-vailing duties on certain hot-rolled lead and bismuth carbon steel products originating in the United Kingdom	17.02.1999

Canada: certain automotive industry measures

Japan reiterated a previous request for a panel to examine its complaint against the Canada-US Auto Pact and related measures. It said that this Pact is WTO-inconsistent as it allows only a limited number of manufacturers to import motor vehicles into Canada duty-free.



The EC said that Canadian measures, including the 1965 Auto Pact and the Motor Vehicles Tariff Order of 1998, grant certain manufacturers a tariff exemption for importing motor vehicles duty-free into Canada subject to certain conditions. It said these include value-added requirements, which it claimed violate the national treatment provision of GATT 1994 as well as the TRIMS Agreement. The EC said it could agree to the merging of its panel with that of Japan.

Canada said that consultations with Japan and the EC

DISPUTE SETTLEMENT

during the past six months have reinforced its belief that its automatic system is fully consistent with the WTO. It said that recent increases in its auto imports—28 per cent in the case of Japan and 32 per cent for the EC—are indications that the Canadian auto market is open. Canada said that in the interest of efficient use of WTO resources, it could agree to the EC panel request, which was being considered by the DSB for the first time.

The DSB established a single panel to examine the complaints by Japan and the EC. India, Korea and the United States indicated their interest to participate as third parties in the panel.

US counter vailing duties on UK steel

The European Communities requested a panel to examine its complaint the US imposition of counter vailing duties on certain hot-rolled lead and bismuth carbon steel products originating in the United Kingdom. It said that its consultations with the United States in July 1998 failed to resolve the dispute.

The EC complained that the United States refuses to take account of the privatisation or change of ownership of the body receiving a subsidy, even if at a full market price, and to consider whether the subsidy still provides a benefit when assessing or re-assessing the countervailable subsidy. It claimed that the US countervailing duties in question were in violation of the Agreement on Subsidies and Countervailing Measures.

The United States said that it could not agree to the EC request at that meeting. It maintained that its measures are in conformity with the Subsidies Agreement.

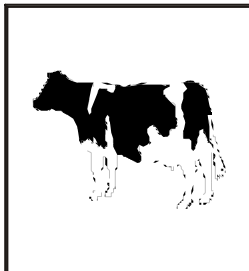
The DSB agreed to revert to the EC panel request

Surveillance of implementation

The European Communities said that it had started work on the DSB recommendations about its measures concerning meat and meat products (hormones). As a first step, it said it had decided to launch without delay a complementary risk assessment regarding these products, and that a number of scientific studies are now underway. It stressed that in its view, the DSB recommendations do not call for the abolition of the import prohibition in question.

The United States expressed concern that the EC had not yet begun the legislative process to withdraw the measure, which it said is called for by the DSB recommendations. It added that the status report was not clear on whether the EC would implement the DSB recommendations by 13 May 1999, the date set in WTO arbitration. The United States said it would like to avoid an other conflict regarding implementation, and called on the EC to negotiate a WTO-consistent solution to the dispute.

Canada expressed disappointment that the EC was only initiating scientific studies and had not established implementation options. It emphasized the need to prevent another dispute on implementation of DSB recommendations.



Appellate and panel reports adopted since 1 September 1998		
Complainant	Subject of the complaint	Date adopted
EC	India - Patent protection for pharmaceutical and agricultural chemical products (panel report)	02.09.1998
India, Malaysia, Pakistan, Thailand	United States - Import prohibition of certain shrimp and shrimp products	06.11.1998
Canada	Australia - Measures affecting the importation of salmon	06.11.1998
Mexico	Guatemala - Anti-dumping investigation regarding imports of Portland cement from Mexico	25.11.1998
EC	Korea - Taxes on alcoholic beverages	17.02.1999

India reported that a bill aimed at implementing DSB recommendations regarding its patent protection for pharmaceutical and agricultural chemical products would be introduced to the Parliament in the fourth week of February 1999.

The United States expressed concern that certain provisions of the Indian bill do not conform with the TRIPS Agreement, but welcomed India's decision to start consultations on this matter.

Argentina said that it would be reporting on the status of its implementation of the DSB recommendations concerning its measures affecting imports of footwear, textiles, apparel and other items at the next meeting, as agreed with the complainant, the United States.

Other Business

The following points were raised after the conclusion of the regular agenda:

- Colombia expressed concern over Brazil's request for consultations with the EC regarding the latter's preferential treatment for soluble coffee imported from members of the Central American Common Market and the Andean Pact. It complained that Brazil had chosen a dispute-settlement procedure that does not allow the participation of members directly involved in the EC measures. Colombia stressed that the EC measures are aimed at combating drug trafficking. Costa Rica, Honduras, Guatemala, El Salvador, Ecuador, Venezuela and Bolivia shared Colombia's concern. Brazil said that it is always ready to discuss matters of mutual interest with other members.
- India, also on behalf of the other complainants (Malaysia, Pakistan and Thailand), said that they have reached an agreement with the United States setting 13 months as the reasonable period of time for the US implementation of the DSB recommendations regarding the shrimp dispute. The United States said that the cooperative manner in which this agreement was reached had set a positive tone for future discussions. □



US, Japan submit proposal on geographical indications

A new proposal from the United States and Japan on geographical indications was discussed in the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS), the body administering the WTO's intellectual property agreement, on 17 February 1999.

Also on the agenda were the present rules dealing with the protection of animal and plant inventions, technology transfer for least developed countries, intellectual property issues raised by "trade facilitation" and electronic commerce, "non-violation" provisions in the TRIPS Agreement and other subjects.

Geographical indications

The US-Japanese joint proposal on a multilateral system for notifying and registering geographical indications is the second to be submitted to the TRIPS Council. The first, discussed at the previous meeting, came from the European Union.

The new proposal says countries' participation in the system would be voluntary. They would tell the WTO which geographical indications they are protecting domestically. For each of these they would explain what the terms of protection are under their laws — for example whether there is an expiry date, and if so when — and whether the protection comes under an international agreement.

The WTO would publish a list of these reported geographical indications together with relevant details. When WTO member countries consider registering geographical indications domestically, they would agree "to refer to" the multilateral list. Domestic decisions on providing protection for the listed geographical indications would take into account the fact that they were on the list — some countries' laws might say how geographical indications on the multilateral list should be treated.

If any one wants to challenge the protection given to a geographical indication in a particular country, the challenge would have to be made within that country's domestic system, according to the US-Japan proposal.

Under the EU's proposal, participation — submitting names for registration — would also be voluntary. However, products accepted for registration would be protected in all WTO member countries, although the method each country uses would follow its existing practice — there would be no need for a substantial change in countries' laws.

The EU's proposal says countries could oppose registration, for example on the grounds that the name in question is used so commonly that it has become a generic term. Only countries successfully opposing registration would be exempt from having to protect the geographical indication, it says.

The United States and Japan described their joint proposal as one that imposes no new obligations, burdens or costs on members and only places a minimal burden on the WTO Secretariat. The proposed system would also take account of the wide range of different methods countries use to protect geographical indications.

Canada, Australia, Argentina, Brazil, New Zealand, Bolivia and Chile were among the countries supporting

Geographical indications ...

... the use of place names, or words associated with a place, to identify the origin, type and quality of a product.

The proposals being discussed under Article 23.4 of the TRIPS Agreement are for a multilateral system for notifying and registering protected geographical indications for wines and spirits. Some countries

want the system to cover only wines, some say it should be extended to include other products.

Article 23.4, the basis for these proposals, does not deal with the separate issue of negotiating enhanced protection for geographical indications. □



approach of the new proposal on these grounds. Some described it as not being "TRIPS-plus". They and other speakers stressed that they had only just received the proposal and needed more time to look at the details.

New Zealand, Chile and the Republic of Korea said that the proposed system should not be extended to spirits. Venezuela, Mexico, India, Switzerland, Cuba, Egypt, South Africa, Malaysia, Indonesia, the Philippines and Thailand said they preferred to see other products included in addition to wines and spirits.

The European Union said that its own proposal meets all the criteria highlighted by the US and Japan. It commented that the US-Japan proposal amounts to little more than the creation of a database that would contribute little to task the protection of geographical indications.

Some countries said that so far they prefer the EU proposal because it offers "added value" to the present situation. Several others — India, Cuba, South Africa, etc — said they saw merit in both proposals. South Africa added that the two proposals are not mutually exclusive.

The TRIPS Council will continue to discuss this issue at its next meeting in April. Two countries said they were preparing their own proposals. (The council also continued to review the application of provisions in the TRIPS Agreement dealing with geographical indications, with countries continuing supplying written descriptions of the way they handle geographical indications in their domestic laws. This work comes under Article 24.2 of the agreement.)

Plant and animal inventions (Article 27.3b)

The provisions of the TRIPS Agreement allow certain plant and animal inventions (except, for example, microorganisms) to be exempt from patent protection. However, plant varieties have to be protected either by patent or by a special (*sui generis*) law. These provisions are being reviewed this year (1999).

WTO members have started replying to a list of ques-

The WTO's financial services commitments will enter into force as scheduled

Governments which account for more than 90 per cent of the global financial services market agreed on 15 February that the landmark WTO financial services agreement will enter into force on 1 March 1999. WTO Director-General Mr. Renato Ruggiero hailed today's decision as a vitally important element in providing stability to the financial sector, particularly in developing countries. Moreover, Mr. Ruggiero underscored that the ratification of this agreement by Parliaments is compelling evidence of the democratic and transparent nature of WTO agreements.



Representatives from the 52 governments decided that the 1 March 1999 date would not be changed and requested the WTO's Council for Trade in Services to extend the deadline for accepting the protocol in order to allow another 18 governments more time to complete their domestic ratification procedures. The decision to extend the deadline for accepting the protocol to 15 June 1999 was later adopted by the Council for Trade in Services.

The Council also agreed to renew the "stand still" commitment made in December 1997 for those 18 governments which have not yet accepted the protocol; a political commitment not to take measures which would be inconsistent with their schedules annexed to the protocol in the period before their formal entry into force.

The combined commitments of the 70 governments cover more than an estimated 95% of the world's financial services activity and eliminate or relax current restrictions on, *inter alia*, commercial presence of foreign financial services suppliers. The commitments, which cover all three of the major financial services sectors - banking, securities and insurance - also reduce current limitations on services suppliers.

"The ratification of this agreement by Parliaments shows once again that our system is transparent and democratic," Mr. Ruggiero said. "At a time of instability in global financial markets, this agreement provides a solid foundation for improvement of financial practices, for enlarging the pool of capital available to businesses and consumers and for increasing the transparency of financial operations around the world."

He urged those governments which had not yet ratified the protocol to do so as soon as possible. Mr. Ruggiero stressed that the agreement was not for the purpose of liberalizing capital flows, but to create and expand opportunities for businesses to establish a presence in foreign markets. This presence, he said, would help provide the stability that is necessary to cultivate an environment for future economic growth, particularly in developing countries. □

tions on how plant and animal inventions are handled in their domestic laws. They include Bulgaria, Canada, the Czech Republic, the EU and its members, Hungary, Japan, Rep of Korea, New Zealand, Poland, Romania, Slovenia, the United States and Zambia. Some told the Council that they would reply shortly.

Non-violation complaints

Discussion continued on provisions which temporarily prevent countries from citing "non-violation" grievances in disputes involving the TRIPS Agreement.

What is non-violation? Under normal GATT rules, countries can raise a complaint in the WTO Dispute Settlement Body if they think benefits that should accrue to them have been impaired, even if an agreement has not been violated.

Under the TRIPS Agreement (Article 64.3), non-violation complaints are not allowed until the end of 1999. In other words, countries can only bring a TRIPS issue to the WTO dispute process if they think the TRIPS Agreement has actually been violated.

The debate: Some countries want this moratorium extended. Others, including the United States, want non-violation grievances on intellectual property to be allowed.

The TRIPS Council discussed a Secretariat paper looking at the way dispute rulings under the WTO (and before that, GATT) have treated non-violation issues, the negotiator's history of the provisions in the TRIPS Agreement,

and how the non-violation idea is handled elsewhere.

It also discussed a Canadian paper which objects to an end to the moratorium. Canada argues that allowing non-violation complaints would increase uncertainty and deter WTO members from introducing new and perhaps vital social, economic development, health, environmental and cultural measures.

Other subjects

Among the other subjects discussed were:

- How countries are applying the "mail box" and exclusive marketing rights provisions (Arts. 70.8 and 70.9) for pharmaceuticals and agricultural chemicals;
- Incentives for technology transfer to least developed countries as required under Article 66.2 of the TRIPS Agreement;
- The TRIPS Council's reports on electronic commerce and trade facilitation to be submitted in the next few months to the General Council;
- Technical cooperation, including work under the joint WTO-programme to help developing countries which have to comply with the TRIPS Agreement by 1 January 2000;

This was the first meeting of the TRIPS Council in 1999. At the end, the Council elected Ambassador Carlos Pérez del Castillo of Uruguay as its new chairman for 1999, replacing Ambassador István Major of Hungary. (Amb. Pérez del Castillo chaired the meeting on Amb. Major's behalf.) □

GUINEA

Trade reforms spur growth

The Trade Policy Review Body (TPRB) concluded its first review of Guinea's trade policies on 25 and 26 February 1999. Excerpts from the Chairperson's concluding remarks:

Members commended Guinea on its unilateral liberalization and economic reforms that had resulted in sustained GDP growth of almost 5% a year in recent years. Inflation had been contained and the trade account was improving. Noting that progress in addressing the current account situation had been limited by service deficits, and that export competitiveness was hampered by high costs of utilities, negative tariff escalation and high taxation of petroleum products, Members asked about measures envisaged by Guinea to maintain economic growth, diversify exports, promote the development of the private sector, improve external competitiveness, and combat corruption.

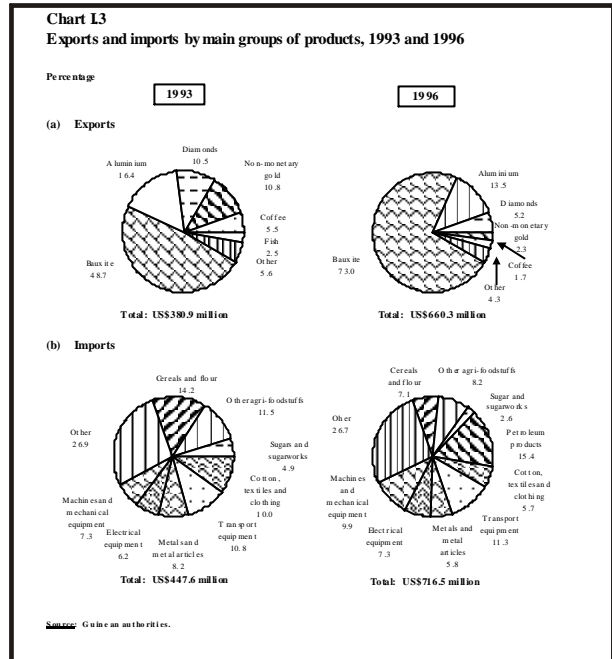
Noting Guinea's limited WTO involvement, participants inquired about how this might be remedied, about progress on trade-related technical assistance under the Integrated Programme, and about measures to adjust to any reduction of preferences resulting from multilateral liberalization.

The representative of Guinea responded that continued economic and trade reforms, including tariff rationalization, would contribute to maintaining economic growth; but in this respect the impact of the refugee situation could not be ignored. Trade activities had been liberalized, a support center (the Center for Export Formalities (CAFEX)) and the Framework Project for the Promotion of Agricultural Exports (PCPEA) established, export taxes abolished, and tariff concessions granted, with a view to promoting and diversifying exports, and regaining Guinea's former market shares.

The representative reiterated Guinea's need for technical assistance, which would also improve its WTO involvement; future amendments to Guinea's tariff would comply with its multilateral commitments. On preferential treatment, Guinea, like other African ACP countries, stressed the need that its commercial position be maintained. Guinea relied on its comparative advantages to increase its market access in WAEMU; future amendments to legislation and tariffs would take into account similar reform in WAEMU. He noted that Guinea's trade account had been in surplus in 1998, due to an increase in mineral and agricultural exports.

Trade measures and sectoral policies

Members acknowledged Guinea's significant progress in liberalizing its trade regime. Applied tariffs on industrial products were around 15%. However, there was some concern that: the structure of border duties remained complex; import duties on almost all non-agricultural products were unbound; there were high margins between bound and applied tariffs; the applied DFE rates on rice,



flour and vegetable oil were higher than the bound rates; Guinea's tariff displayed negative escalation; the application of the consumption surcharge was discriminatory; and that seasonal quantitative restrictions were maintained on potatoes. Members also asked about plans to revise the fee structure for pre-shipment in spec tion.

In reply, the representative of Guinea noted that pre-shipment in spec tion had been launched in 1996 with a view to improving duty collection; provisions of the contract between SGS and Guinea might be amended. The ongoing amendments to tariff were largely being based on the WAEMU Common External Tariff and would simplify the structure of Guinea's import duties. The representative noted that Guinea needed technical assistance to collect trade data and to implement Guinea's standards-certification system. He noted that the seasonal prohibition of imports of potatoes had been abandoned. On local content schemes, he said that Guinea would comply with its WTO obligations.

In conclusion, it is my strong feeling that Members welcomed the participation by Guinea in the review process and expressed their appreciation for significant steps taken by Guinea towards a more outward-oriented, market-driven economy, with social development a priority. Members recognized the difficulties inherent to such a significant economic adaptation, particularly given the challenges faced by Guinea as a least-developed country, with a formerly centralized planned-economy system. They strongly encouraged Guinea to consolidate and build on the achievements of recent years. Members were also very conscious that, if the policies pursued domestically are to achieve the desired results, it would be important that Guinea continue to build a favourable environment for private capital and that it receive support at the regional level and within the multilateral trading system. □

TOGO

Moving forward with reforms despite difficulties

The TPRB concluded its first review of Togo's trade policies on 27 and 28 January 1999. Excerpts from the Chairperson's concluding remarks:

Members commended Togo on its unilateral liberalization and economic reforms. Government revenue had increased with improved revenue collection. The reforms and the devaluation of the CFA franc in 1994 had resulted in high economic growth, although this contained a catch-up element given the economic slump resulting from the socio-political crisis of the early 1990s. Noting that progress in addressing the current account situation had been limited by severe deficits and that export competitiveness was hampered by the high costs of utilities, under monopolist public enterprises, Members asked Togo about measures envisaged to maintain economic growth and diversify exports. They inquired about the impact of the Asian financial crisis, Asia being a destination for about one quarter of exports from Togo, and the expected effects of the WAEMU customs union, on the economy of Togo.

Noting Togo's limited WTO involvement, some Members asked how this might be remedied.

Questions were asked about the coherence and coordination of overlapping regional agreements, especially WAEMU and ECOWAS, to which Togo was party. Some Members asked about measures being taken by Togo to guard against investment distortions, particularly with respect to export processing zones, and inquired about the impact of the WAEMU's forthcoming common investment regime.

The representative of Togo responded that in order to maintain economic growth and diversify exports Togo was promoting non-traditional products, including processed agricultural and mineral goods; regional integration would contribute to this by increasing market access.

In light of the impact of the Asian financial crisis on its economy, Togo intended to diversify the destinations of its exports. The current account would be improved through the liberalization of the services sector, the promotion of tourism and a better management of foreign debt. Structural adjustment programmes and the move to the CET were preparing the economies of WAEMU members for increased competition; support from the international community was necessary. Coordination between the ECOWAS Secretariat and the WAEMU Commission contributed to avoiding inconsistencies between these two regional agreements. ECOWAS members agreed that, in the long run, it would be the only regional agreement in West Africa. Therefore, fast liberalization under WAEMU would contribute to speedier regional integration in West Africa. On preferential treatment, discussions among African ACP countries had stressed the need for ACP members to maintain their commercial position.

Members expressed their appreciation of Togo's con-



Togo fisher men haul in their nets: WTO members encouraged the country to build on recent achievements. (ILO Photo)

siderable progress in liberalizing its trade regime. Togo's import duties were among the lowest in WAEMU. There was some concern that, despite a certain simplification, the structure of border duties remained complicated; similarly, there was a certain worry about the high margins between bound and applied tariffs, and about the low level of bindings for non-agricultural products.

In reply, the representative said that a single window had been established to simplify the formalities applicable to foreign trade and the establishment of enterprises. She took note of pertinent comments by participants on Togo's free zone regime and pointed out that pre-shipment inspection in Togo was required by the IMF. On customs valuation, she confirmed that WAEMU members would apply the "transaction-value" basis from the year 2000. She noted that the introduction of the CET would simplify the structure of border duties; it would, however, also increase tariffs on products such as "wax", sugar and milk, and she indicated that Togo and the WAEMU Commission were looking for remedies to the socio-economic consequences of the CET.

Conclusion

In conclusion, it is my feeling that Members welcomed the participation by Togo in the review process and the significant steps taken by Togo towards more open and regulated economic and trade regimes. Members recognized the difficulties of such major adaptation, particularly given the challenges faced by Togo as a least-developed country with a small resource base, and in the wake of recent socio-political problems. They offered strong encouragement to Togo to consolidate and build on the achievements of recent years. Members were conscious that, if the policies pursued domestically are to achieve the desired results, it would be important that Togo continue to build a favourable environment for private capital, and that it would also be important for Togo to receive support at the regional level and within the multilateral trading system. □

ARGENTINA

Economic performance receives praise

The TPRB concluded its second review of Argentina's trade policies on 20 and 22 January. Excerpts from the Chairperson's concluding remarks:

Members praised Argentina's economic performance since the last Review, due to macroeconomic discipline, and wide-ranging structural adjustment, under the Convertibility Plan. GDP per capita had doubled, inflation drastically reduced and Argentina had become a major FDI destination, although unemployment remained high. In tribute to its sound fundamentals, Argentina had weathered well the Asian financial crisis. With Brazil the major export destination, there were questions about the effect of the recent depreciation of the Brazilian Real, particularly with respect to the currency board, the external accounts and further liberalization of the MERCOSUR market.

Participants welcomed Argentina's active participation in, and support of the WTO and recognized the importance of the MERCOSUR process.

In reply, the representative of Argentina expressed confidence in the soundness of the Argentinian economy and in its ability to deal with the potential effects of the recent economic evolution in Brazil, which would be handled within MERCOSUR and in a manner fully consistent with the WTO.

He noted that MERCOSUR was built on the principle of open regionalism, and was consistent with the process of multilateral liberalization, which was actively promoted. No visible trade distortions had emerged and both intra- and extra-regional trade had grown rapidly; this also reflected the profound structural reform by the regional partners in recent years. On 1 January 2001, the CET would cover all tariff lines; tariffs now affected only a minimal volume of intra-regional trade. MERCOSUR aimed to establish a common market by 2005, including the free movement of production factors and the harmonization of national standards.

Trade measures

Members warmly commended Argentina's trade reforms, making it a considerably more outward-oriented, secure market. The tariff was bound and ceiling rates had been considerably reduced; progress was clear in the reduction of non-tariff measures; and trade procedures had been simplified. Timely notification of measures to the WTO was encouraged. Questions arose on a number of issues including, pre-shipment inspection, price bands for customs purposes, non-preferential rules of origin, the temporary 3 percentage point tariff increase, the implementation of anti-dumping, countervailing and safeguard actions, fiscally-driven production and trade measures, and plans to eliminate Argentina's two remaining export assistance schemes.

In response, the representative said that Argentina attached great importance to its WTO notifications require-



Agrocery in a Buenos Aires suburb: sustained liberalization has raised per capita GDP. (ILO Photo)

ments and the relevant authorities were periodically reminded of those obligations. Pre-shipment inspection aimed to deal with a number of issues including tax evasion, unfair trade practices, and improved compliance with standards; the system was temporary. Origin certificates were used mainly for products subject to trade defence measures. Price bands for customs allowed price comparisons for goods from different sources.

The 3 per cent age points increase in the CET would be phased out on 31 December 2000. For a small number of products bound rates had been exceeded and the list had been submitted to the WTO for negotiations. The number of antidumping measures had increased only relative to the limited measures in force under the earlier less open import regime. Recent investigations had not exceeded the 18 months time-limit. A common MERCOSUR anti-dumping regime would be considered before the end 2000. Argentina had notified its export incentive regimes in 1998: benefits under the Industrial Specialization Regime, which had been suspended in 1996, would end on 31 December 1999.

Conclusions

In conclusion, it is my feeling that this Body welcomed Argentina's robust macroeconomic performance and structural reforms, including sustained trade liberalization efforts; not only has GDP per capita increased sharply but sound fundamentals have allowed Argentina to cope well with a series of external shocks. This bodes well for Argentina's capacity to deal with the recent depreciation of the Brazilian Real. It is my feeling that delegations appreciate Argentina's involvement in and commitment to the multilateral trading system, and look forward to Argentina's constructive role in the preparatory process for the upcoming negotiations. Members encouraged Argentina to pursue the liberalization of its economy, based on WTO principles and thus take steps to address allocative distortions, including in sensitive manufacturing sectors. It is also my sense that Members saw the importance for further trade liberalization within MERCOSUR to contribute to the strengthening of the multilateral trading system. □

CANADA

Leadership role requires further trade improvements

The TPRB concluded its fifth review of the trade policies of Canada on 15 and 17 December 1998. Excerpts from the Chairperson's concluding remarks:

Members praised Canada's strong economic performance since the last Review, an outcome due to Canada's macroeconomic discipline and continued efforts towards trade liberalization and domestic deregulation. Unemployment had fallen steadily, although it remained relatively high. Members noted, however, the vulnerability inherent in the level of economic integration with the United States, with the U.S. share of Canada's merchandise exports now at 83%.

Canada's continued commitment to strengthening the multilateral trading system was fully acknowledged, but Members were concerned that the growing number of preferential arrangements might cause trade diversion. Some Members suggested that Canada consider extending on a MFN basis the bilateral and regional preferences already covering most of its imports. Questions were raised about Canada's market access for exports from developing countries.

In response, the representative of Canada confirmed that the TPR had contributed to better public understanding of, and had helped build support for, Canada's trade policy. The recent tariff simplification exercise was a concrete example of the positive influence of TPR discussions.

Canada did have a heavy reliance on the U.S. market but this was seen as representing opportunity rather than vulnerability. On the multilateral/regional relationship, Canada considered regional and multilateral liberalization as complementary and sharing the same ultimate end; regional initiatives could allow moving ahead more quickly. On developing countries issues, the representative described several Canadian initiatives which had resulted in a growth of imports from developing countries into the Canadian market, with the trade balance in their favour.

The representative drew attention to a number of general points concerning federal-provincial relationships, including the legitimate and increasing provincial interest on the broader international agenda, especially trade. The status of the Agreement on Internal Trade, of which the Federal Government was but one of 13 parties, did not affect Canada's ability to meet its WTO obligations.

Trade policies and measures

Members welcomed the autonomous liberalization and rationalization of Canada's tariff, but noted that the tariff structure remained uneven, with tariff peaks still affecting items such as food products, textiles and clothing, footwear, and ship building. Certain import regulations could favour selected trading partners, for example rules of origin or mutual recognition agreements on standards. The number of anti-dumping measures in force had fallen, but



certain concerns remained both about their concentration in the steel sector and the duration of orders.

Information was also requested on recent amendments to the Patent Act, and on Canada's regulations covering parallel imports, particularly of books, levies on blank tapes, and trade marks. Questions were also asked regarding Canada's foreign direct investment rules.

In response, the delegate from Canada stressed that Canada had actively pursued the reduction of MFN tariffs, notably on pharmaceutical and information technology products. Rules of origin had no effect on the MFN import regime. Details were given of proposed amendments to the legislation on trade remedies, including with respect to transparency of procedures, public interest inquiries, and lesser-duty provisions; these are expected to enter into law in the new year. To date, provincial governments had not advised that they maintained any notified subsidy programmes. The investment screening mechanism was fulfilling its established objectives. Answers in writing had been provided to questions regarding intellectual property rights, except on those associated with the Patents Act which touch on matters currently on the agenda of the Dispute Settlement Body.

Sectoral issues

On agriculture, Members welcomed reductions in public financial support, including to exports, but were concerned that the supply management regimes for dairy, poultry and egg products still restricted foreign access. Members also questioned the high out-of-quota rates, and the administration of quotas including the reserved access for preferential suppliers. It was recognized that Canada had gone beyond the requirements of the WTO Agreement on Textiles and Clothing but several Members noted that high tariffs and tariff escalation continued to restrict market access in this area of interest to developing countries. Members also noted the differential tariff on assembled cars applied to imports by Auto Pact and non-Auto Pact companies.

On services, participants commended Canada for making commitments during the 1997 Financial Services negotiations to allow foreign bank branching, and enquired about the timeframe for implementation. The recent liberal

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alization of telecommunications was also welcomed and Members asked whether restrictions on foreign investment might be lifted in this area.

In response, the delegate from Canada noted that since 1995 Canada had eliminated agricultural export subsidies and significantly reduced trade-distorting domestic support to agriculture. Current commodity markets had made the recent emergency assistance necessary, but Canada was seeking ways to assist farmers without distorting world trade; support levels, however, were low and could even fit within Canada's AMS commitment.

Canada had gone beyond its obligations under the Agreement on Textiles and Clothing, and reduced MFN tariffs on these products; it remains fully committed to the integration of the sector into GATT by January 2005. The Auto Pact was consistent with Canada's WTO obligations and Canada was prepared to consider further liberalization through mutually beneficial negotiations in this sector.

On financial services, the representative indicated that legislation on foreign bank branching would be introduced soon, and that the Financial Services Agreement would be ratified before the end of January 1999. He noted that Canada was implementing its commitments under the Basic Telecommunications Agreement on or ahead of time, and had announced steps to end the last telecoms monopoly on schedule in March 2000. In professional services, Canada had eliminated a number of discriminatory measures, and intended to pursue broader market access results in the next round of negotiations.

Conclusions

In conclusion, it is clear that this Body appreciates Canada's commitment to a strong rules-based multilateral trading system, demonstrated through its active and constructive participation in all aspects of the WTO work.

1999 Reviews

24-25 June	EGYPT
12, 14 July	UNITED STATES
19, 21 July	BOLIVIA
14, 16 Sept.	ISRAEL
27-28 Sept.	PHILIPPINES
4-5 Oct.	ROMANIA
28-29 Oct.	NICARAGUA
15-16 Nov.	PA PUA NEW GUINEA
15, 17 Dec.	THAILAND

They welcome Canada's commitment to contribute to international economic stabilization by keeping its markets open. Delegations fully acknowledge Canada's efforts during the past two years to move forward in internal deregulation, enhance transparency, rationalize its import regime and generally further its integration into the global economy.

It is also clear, however, that a number of concerns evident in earlier Reviews remain. These include high dependence on a single market, complexities arising from the federal-provincial division of responsibilities and the possible trade diversion inherent in Canada's preferential arrangements. Concerns also persist on market access for developing countries as well as trade and investment barriers in sensitive sectors, particularly in certain areas of agriculture and textiles and clothing. Welcoming what has been achieved, delegations continue to signal the scope for further improvements commensurate with Canada's leadership role in the multilateral system. □

WTO's trade policy reviews

The Trade Policy Review Body's review is based on two reports which are prepared respectively by the WTO Secretariat and the government under review and which cover all aspects of the country's trade policies, including its domestic laws and regulations, the institutional framework, bilateral, regional and other preferential agreements, the wider economic needs and the external environment. A record of the discussion and the Chairperson's summing-up together with these two reports is published in due course.

Since December 1989, the following reports (available in the WTO Secretariat) have been completed: Argentina (1992 & 1999), Australia (1989, 1994 & 1998), Austria (1992), Bangladesh (1992), Benin (1997), Bolivia (1993), Botswana (1998), Brazil (1992 & 1996), Cameroon (1995), Canada (1990, 1992, 1994, 1996 & 1998), Chile (1991 & 1997), Colombia (1990 & 1996), Costa Rica (1995), Côte d'Ivoire (1995), Cyprus (1997), the Czech Republic (1996), the Dominican Republic (1996), Egypt (1992), El Salvador (1996), the European Communities (1991, 1993, 1995 & 1997), Fiji (1997), Finland (1992), Ghana (1992), Guinea (1999), Hong Kong (1990, 1994 & 1998), Hungary (1991 & 1998), Iceland (1994), India (1993 & 1998), Indonesia (1991, 1994 & 1998), Israel (1994), Japan (1990, 1992, 1995 & 1998), Kenya (1993), Korea, Rep. of (1992 & 1996), Lesotho (1998), Macau (1994), Malaysia (1993 & 1997), Mauritius (1995), Mexico (1993 & 1997), Morocco (1989 & 1996), New Zealand (1990 & 1996), Namibia (1998), Nigeria (1991 & 1998), Norway (1991 & 1996), Pakistan (1995), Paraguay (1997), Peru (1994), the Philippines (1993), Poland (1993), Romania (1992), Senegal (1994), Singapore (1992 & 1996), Slovak Republic (1995), the Solomon Islands (1998), South Africa (1993 & 1998), Sri Lanka (1995), Swaziland (1998), Sweden (1990 & 1994), Switzerland (1991 & 1996), Thailand (1991 & 1995), Togo (1999), Trinidad and Tobago (1998), Tunisia (1994), Turkey (1994 & 1998), the United States (1989, 1992, 1994 & 1996), Uganda (1995), Uruguay (1992 & 1998), Venezuela (1996), Zambia (1996) and Zimbabwe (1994). □

The new multilateral trade negotiations, the EU, and its developing country partners: an agenda for action

Excerpts from the address by WTO Director-General Renato Ruggiero given on 18 February 1999 in Brussels to the REX (Relations économiques extérieures) Committee of the European Parliament:

The third Ministerial Meeting later this year will have to take important decisions about a major new round of multilateral trade negotiations – many of the key subjects of which were already agreed to at the end of the Uruguay Round.

It could not come at a more critical time. The past year has been dominated by the financial crisis – a crisis whose damaging effects have been felt most severely in the developing world. This past year has also seen a dangerous widening of the gap between the transatlantic economies, which have so far been less affected by the crisis, and the rest of the world economy, which has seen its progress towards economic development dramatically set back by financial instability, retreating investment, and falling commodity and industrial prices.

Our increasingly interdependent global economy cannot maintain for long these imbalances. In a world made ever smaller by television, telephones, and the Internet, the idea that billions can sink deeper into poverty, while millions more grow richer, is simply unsustainable – and unconscionable.

What does the developing world want – and need – from the multilateral trading system? First, the full implementation of existing liberalization commitments. This is of

What does the developing world want – and need – from the multilateral trading system?

course a concern for all WTO Members, but for a number of developing countries in particular it is an issue which influences their attitude to further trade negotiations. These countries have stated that they have encountered unexpected problems with implementing existing Uruguay Round commitments, and furthermore that some of those agreements have deficiencies that have only become apparent during the implementation process. On the other hand, they claim that anticipated benefits have failed to materialize because, for example, industrialized countries have not lived up to the spirit of liberalizing agreements (such as textiles), made excessive use of anti-dumping measures, or failed to respect the principle of special and differential treatment. In short, these countries see an imbalance in the way existing agreements affect them, and they see this as a problem which needs a political solution, not just more technical assistance. They also argue that since this is a question of righting an existing imbalance, it should not become something they are expected to “pay” for in a new Round.

I want to underline the importance of approaching this complex issue with all the necessary attention and goodwill in our preparations for the next Ministerial Conference. As recent meetings of developing-country leaders,



Director-General Ruggiero says it is vital that the WTO's new negotiating agenda should be a balanced one, and should be seen to be so from a developing country perspective.

most notably the G-15, have shown, their support for a new Round can not be assumed as long as they feel that their legitimate concerns are not being adequately addressed. I hope and I am sure, the European Union will continue to take a lead in doing so, as you are helping to do through this meeting.

Second, developing countries need improved market access for their exports. A 1998 joint study by WTO and UNCTAD shows that, even after the successful implementation of the Uruguay Round, a substantial number of high tariffs will remain both for developed and developing countries. About 10 per cent of all Quad country tariffs are still above 12 per cent ad valorem. Moreover, there is a very high variation in these rates, with some tariff peaks reaching 350 per cent or more, and the majority of peaks being somewhere between 12 and 30 per cent. These sectors include textiles and clothing, footwear, leather and travel goods, fish, processed food stuffs, agricultural products – many of which are of primary interest to developing countries. The point is that it would be misleading to assume that tariffs are no longer an issue in trade policy today. And these areas must receive due attention in future negotiations.

Improved market access is an especially important objective for the least developed and the less dynamic developing countries. I have urged WTO members to provide bound duty free access for the export products of least-developed countries since the Lyon summit of 1996. A number of WTO Members have taken steps in this direction; I know the European Union is one of them, and I congratulate you. However, I also want to emphasize that more can – and must – be done. The elimination of all obstacles to trade with least-developed countries by all industrial countries and – with a different timetable – by the most dynamic developing countries, must be a key objective of the next Round.

Third, the importance of new technologies to develop

ment. Many of the issues we will face in future negotiations will involve new, technology-based issues like telecommunications, financial services, information technologies, and electronic commerce. Again some have portrayed these as developed country issues. Nothing could be further from the truth. New technologies like computers, cell phones, or the internet help to shrink distances and time, providing an escape route from physical marginalization. They equalize access to the most important resource of the 21st century – knowledge and ideas. They determine whether a country is equipped to participate in the new global economy, or is left behind. Far from seeing technology as a barrier between North and South, we should see it as a bridge – and work to make this bridge a reality.

Fourth, we need to underline the importance of investment and competition policy to development – and the need for flexibility and creativity in considering these issues in order to take full account of developing country needs. On one side there is no doubt that a more level investment playing field is essential for the great majority of developing countries and for practically all least-developed countries. Today the threat to developing countries is not from a flood of foreign investment, but from the lack of it. Net private capital flows to emerging markets plunged in 1998 to \$152 billion, down from \$260 billion in 1997 and \$327 billion in 1996 – although it should be said the most of the decline has been in the flow of short term capital, not long term investment.

The challenge to day is to improve the governance of interdependence. And to increase its human and development dimension, not to refuse it...

Fifth, we need a coherent and integrated strategy for development – particularly for the least developed and the less dynamic developing countries. Trade alone can not solve all their problems. Very little can be done without an integrated strategy which takes into account the great number of issues these countries face – from health and education, to technical assistance, capacity building and – very importantly – debt relief. This is the area where we are beginning to move – in collaboration with the IMF, the World Bank, UNDP, UNCTAD, and other international agencies – in the framework of integrated programmes of technical assistance. An ambitious integrated approach to technical assistance and debt relief – to gether with full market access in the advanced economies – should be a third pillar of a new effort in favour of least-developed countries in the trade field.

Last but not least we need to strengthen the multilateral trading system by ensuring that developing countries have an equal responsibility for the system. Trade is now even more critical to the economic future of the developing countries than the industrialized countries. In 1970, trade as expressed as a share of developing-country GDP was slightly less than 20 per cent. Today it is 38 per cent – compared to less than 15 per cent for the EU, and 11 per cent for the United States. Between 1973 and 1997 the developing countries' share of manufactured imports in developed markets tripled – from 7.5 per cent to 23 per cent. What these figures reflect is the developing world's truly remarkable integration into the global economy over the

past three decades. But what they also underline is the fact that there will be no sustained economic recovery in the developing world, without a sustained recovery of their global trade.

It is in this context of uncertainties and increasing imbalances – together with the certainty of interdependence and of unprecedented opportunities – that we are facing the challenge of a new Round. We are now at the end of the first phase of the preparations for the Ministerial Meeting which has essentially been one of issue clarification. The second phase, from February to July, will centre on specific proposals from WTO Members. This process has the challenging task of preparing recommendations to Ministers about the work programme that will take the WTO into the new millennium. We are already committed to negotiations in important areas such as services, agriculture, and aspects of intellectual property. And there is now a growing consensus in favour of a substantial and ambitious multilateral Round, though it should be said that not all countries – especially not all developing countries – are guided by the same vision.

Against this background, I want to make first a general but very important observation. If we want – as we do want – the new multilateral negotiations to be really multilateral, really global, and very much centred on bringing the developing and the least-developed countries more and more into the main stream of the multilateral trading system, then the world's main trading powers have some very clear responsibilities. The first is to decrease tensions among them selves. These tensions can paralyse the normal work of the WTO, and they must be avoided.

Second, agriculture cannot again be allowed to become the predominant issue of the new Round. And we can not give the impression that success or failure depends only on the possibility of agreement among the major trading partners on agricultural issues. By focusing too much on traditional issues, we risk overlooking how much the world economy has changed since the Uruguay Round and how important the new issues have become to developing and developed countries alike.

Third, it is absolutely vital that the WTO's negotiations agenda should be a balanced one, and should be seen to be so from a developing country perspective. Clearly the active participation of developing countries will be essential to the launching and success of such a Round. Developing and least developed countries now make up almost four fifths of the WTO's membership. Politically this system will not be able to move ahead confidently through its next Ministerial Conference and into the next century without these countries sharing in the belief that new negotiations are warranted and in their economic interests.

When we look at the figures showing how much the developing world's output is now tied to trade, it is very difficult to ignore the degree of our integration and our interdependence. With so much of our economies dependent on one another, no country has an interest in closing off markets or weakening its ties with the rest of the world. For the advanced economies, like the EU, resisting protectionism should remain an uncompro-mising objective. The challenge to day is to improve the governance of interdependence. And to increase its human and development dimension, not to refuse it. □

WTO holds high-level symposia on trade and environment and trade and development

The World Trade Organization will hold two high-level symposia in March in Geneva. The symposia, to be held from 15 through 18 March, will be an opportunity to discuss issues concerning trade and environment and trade and development. The objective of the meetings, which will each last two days, is to increase awareness and understanding of government positions and NGO concerns by providing participants with an opportunity to improve their understanding of how the WTO works and how the organization is addressing the issues of trade and environment and trade and development.

The symposia will be the first time that representatives from non-governmental organizations will be invited to exchange views on both subjects with senior government officials from WTO member and observer governments and with high-level representatives from international organizations.

In addition to NGO representatives, other participants include senior government officials, academics and officials from the inter-governmental agencies directly involved in environment and development issues.

The symposium on trade and environment will be held on 15-16 March 1999. WTO Director-General Mr. Renato Ruggiero recalled that the idea of such a meeting had been raised by Sir Leon and by US President Bill Clinton at the 50th anniversary commemoration of the multilateral trading system in May 1998. The symposium on trade and development, strongly supported by Egypt, Pakistan and many other developing and advanced economies, will be held on 17-18 March. □



WTO technical cooperation. *The 6th WTO Regional Seminar on the WTO, financed by Japan, was held in Shanghai on 2-5 March with the participation of officials from 23 Asian countries. During the same period, a workshop on WTO notification requirements was held in Beijing at the request of China's Ministry of Foreign Trade, and the 2nd Singapore-WTO Joint Training Programme for 17 officials from 12 Asian countries took place in Singapore. The Singapore programme covered GATS, TRIPS, dispute settlement, investment, competition and electronic commerce. Above, the participants to the Shanghai Seminar and Mr. Raymond Krommenacker of the WTO Technical Cooperation Division.*

Britain pledges to help developing world benefit more from globalization

Britain and the World Trade Organization, on 17 December, signed an agreement to assist developing countries in participating more effectively in the international trading system.

The agreement commits Britain to a contribution of £660,000 to the WTO's 1999 Programme for Technical Cooperation. The contribution follows Prime Minister Tony Blair's announcement in May that Britain will contribute \$10 million (£6 million) to help developing countries participate in the multilateral trading system. That announcement came at a WTO meeting celebrating the 50th anniversary of the system.

The contribution will be used to help the WTO fund training and technical seminars designed to help developing countries better understand their rights and obligations under international trade agreements.

Mr. John Vereker, Permanent Secretary at Britain's Department for International Development (DFID), signed the Memorandum of Understanding with Mr. Renato Ruggiero, Director-General of the WTO in Geneva. □

MEETINGS

APRIL 1999

12	Committee on Rules of Origin Committee on Specific Commitments
14	General Council
19-20	Working Group on the Interaction between Trade and Competition Policy
20-22	Textiles Monitoring Body
221-22	Council for TRIPS
22	Committee on Customs Valuation
22-23	Special General Council; Committee on Trade and Environment
23	Committee on Safeguards; Committee on Rules of Origin
26-27	Council for Trade in Services; Cttee. On Anti-Dumping - Ad-hoc Group on Implementation
28	Dispute Settlement Body

WTO FOCUS

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