

New Zealand's Moore heads WTO

Member governments of the WTO, agreed on 22 July that the Right Honourable Mike Moore of New Zealand be appointed as Director-General for a term of three years, beginning on 1 September. The General Council, the WTO's executive body, further agreed that Mr. Moore would be succeeded by H.E. Dr. Supachai Panitchpakdi of Thailand, who will serve a three-year term beginning 1 September 2002.

The decision on the successor to departing Director-General Renato Ruggiero was agreed by 134 member governments and comes after a year-long effort to appoint Mr. Ruggiero's successor. Neither Mr. Moore nor Dr. Supachai will be eligible for reappointment as Director-General and neither will have his period of office extended, the Council agreed.

Member governments stressed that the unprecedented term sharing arrangement did not constitute a precedent for future appointments of the Director-General and agreed to work towards establishing "a comprehensive set of rules and procedures for such appointments" by the end of September 2000.

General Council Chairman Ali Mchumo of Tanzania said he was sure all Member Governments were now fully committed to supporting Mr. Moore and Dr. Supachai. He urged governments to work together to achieve a successful outcome both at the Ministerial Conference, to be held in

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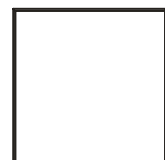
Sir Eric Wyndham White, 1948-68



Mr. Olivier Long, 1968-80



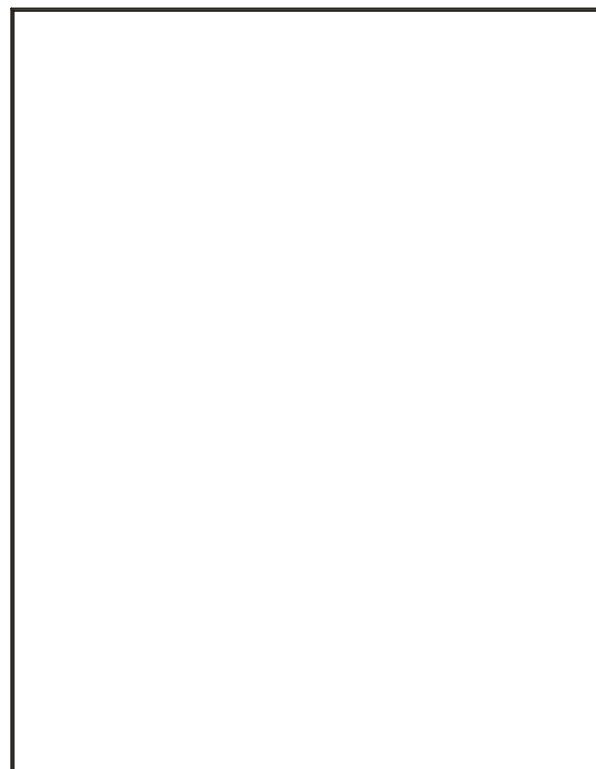
Mr. Arthur Dunkel, 1980-93



Mr. Peter Sutherland, 1993-95



Mr. Renato Ruggiero, 1995-99



Mr. Mike Moore becomes the third WTO Director-General on 1 September. The former Prime Minister played an active part as trade minister in launching the Uruguay Round trade negotiations. At left are his GATT/WTO predecessors. (Photos by Tania Tang/WTO)



The General Council agreed that Mr. Moore will be succeeded by H.E. Dr. Supachai Panitchpakdi, Deputy Prime Minister of Thailand, who will serve a three-year term beginning on 1 September 2002.

Moore

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Seattle from 30 November to 3 December, and during the trade negotiations that will start shortly after the conference.

"We have a lot of work ahead of us as we prepare for Seattle and the subsequent negotiations. It is essential that all of us work together to insure that we have a multilateral trading system which gives benefits to all of our citizens," Mr. Mchumo said.

The General Council agreed that the Director-General will appoint his Deputy Directors-General in consultation with member governments. The General Council will meet in September to consult on the number of deputies to be appointed. □

Right Hon our able Mike Moore, New Zealand

Mike Moore was born in Whakatane, New Zealand, in 1949. After early experience as a printer, social worker, trade union researcher, in 1972 he became the youngest member of Parliament ever elected in New Zealand. Mr. Moore has served as New Zealand Minister of Overseas Trade and Marketing (1984-1990), Minister of Foreign Affairs (1990), Deputy Minister of Finance (1988-1990) and Prime Minister (1990). As Trade Minister, he was active in launching the Uruguay Round of GATT negotiations. He is currently Opposition Spokesperson on Foreign Affairs and Overseas Trade.

Mr. Moore is the longest serving member of the New Zealand Parliamentary Select Committee on Foreign Affairs and Trade. He represented New Zealand at the first APEC Ministerial Meeting in Canberra in 1989 and served as a board member of Asia 2000, a New Zealand body dedicated to fostering closer ties with Asian countries.

Mr. Moore holds a number of positions in various community groups. He was appointed Constitutional Adviser to the Government of the Cook Islands in 1998. He is the author of eight books including *A Pacific Parliament* and *The Added Value Economy*. □

H.E. Dr. Supachai Panitchpakdi, Thailand

Dr. Supachai Panitchpakdi was born in Bangkok. He holds a Masters Degree in Econometrics and Development Planning and a Ph. D. in Economic Planning and Development from Erasmus University, Rotterdam. He was awarded an Honorary Degree (Ph.D.) in Economic Development from the National Institute of Development Administration in 1995.

Dr. Supachai has held a range of positions in former governments, including the position of Deputy Finance Minister of Thailand (1986-1988) and Deputy Prime Minister (1992-1995). In this capacity, he was directly in charge of Thailand's participation in the Uruguay Round of multilateral trade negotiations including its subsequent ratification and implementation.

Since 1997, Dr. Supachai has served as Deputy Prime

Appointment of the next Director-General

Decision of 22 July 1999

The General Council,

Greatly appreciating the intensive consultations carried out by the Chairman of the General Council with regard to the appointment of the Director-General of the Organization,

Decides to appoint:

- the Right Honourable Mike Moore of New Zealand as Director-General for 3 years from 1 September 1999 to 31 August 2002 to be followed by
- H.E. Dr. Supachai Panitchpakdi of Thailand as Director-General for 3 years from 1 September 2002 to 31 August 2005;

Agrees that neither shall be eligible for re-appointment as Director-General, nor shall his period of office be extended;

Further agrees that in March 2002 the General Council shall re-confirm the availability of Dr. Supachai for office and, if Dr. Supachai is not available, the process for the appointment of a new Director-General shall commence immediately, with one of the Deputy Directors-General to be appointed by the General Council as acting Director-General if the appointment process is not concluded by 1 September 2002;

Also agrees that if Mr. Moore vacates office prior to 31 August 2002, he shall be followed immediately by Dr. Supachai who shall serve for only 3 years;

Further agrees that the Director-General shall appoint Deputy Directors-General in consultation with Members, taking into account the views of the other designated Director-General, and the need to maintain equitable geographical balance and being bound by any decisions of the General Council with regard to ensuring continuity at the senior management level of the Organization; and

Affirms that this decision shall not constitute a precedent for future appointments of Directors-General, whose term shall be of four years, and resolves that, in order to improve and strengthen the current rules and procedures, a comprehensive set of rules and procedures for such appointments shall be elaborated and adopted by the end of September 2000. □

Minister and Minister of Commerce of Thailand and has been actively involved in international trade, playing an instrumental role in the drafting of Thailand's major economic policies, including the national economic and social development plans. He has also acquired professional experience in the private sector, holding the position of President of the Thai Military Bank (1988-1992) and Chairman of Nava Finance and Securities. □

Fifteen members call for launching of a 3-year round

The General Council, in a special session held on 7 July, continued with the second phase of preparations for the Seattle Ministerial Conference: tabling of concrete proposals. The discussions touched on many of the 60 proposals that have been tabled so far.

One of them was a joint submission from 15 countries calling for the launching in Seattle of a round of multilateral trade negotiations with a three-year deadline. The proposal also suggested a mid-term review of progress in the round that could take decisions on early results.

The proposal was tabled by Argentina, Australia, Chile, Costa Rica, Czech Republic, Hungary, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, Thailand, Uruguay and Hong Kong, China. Australia expressed the hope that the proposal would allow members to begin a more focused and practical discussion on how to manage the WTO's negotiating programme.

India stressed that there was no consensus on the concept and constitution of the so-called new round, hence discussions of this subject are premature. It added that it was committed to addressing implementation concerns and the built-in agenda.

New Zealand said that APEC trade ministers, meeting in Auckland in June, agreed that their Accelerated Tariff Liberalization initiative would provide impetus to wider negotiations on industrial tariffs that should be launched in Seattle. It said that there was agreement within APEC that the negotiations should conclude within three years.

Bangladesh, speaking on behalf of the least-developed country members, said that a meeting of advisers to trade ministers of LDCs, held in South Africa in June, had formulated for Seattle proposals for a Comprehensive New Plan of Action for integrating the LDCs into the global economy. The meeting had concluded that the forthcoming negotiations should be used to improve the implementation of existing WTO agreements on the one hand and include a "positive agenda" for LDCs on the other.

The European Communities said that the Seattle Ministerial should not only launch the new round but also take several decisions for immediate or early adoption. It proposed that in Seattle, Ministers decide on the following: make a commitment to ensure duty-free market access, no later than the end of the next round of negotiations, for essentially all products originating in the least-developed countries; to enhance transparency, agree on earlier derestriction of WTO documents and more dialogue with organizations of civil society; endorsement by heads of international organizations of joint efforts aimed at assisting developing countries derive full benefits from the new round; adoption of a balanced reform package on the Dispute Settlement Understanding; and adoption of trade principles, including continued moratorium on tariffs, on electronic commerce.

Agriculture and services

Proposals were tabled on two WTO Agreements—on agriculture and on trade in services—that have built-in provisions for further negotiations.

On agriculture, Japan tabled a proposal for the establishment of separate negotiating groups for agriculture

and for forestry and fishery products, respectively. It said that negotiations on agriculture should give due consideration to the multifunctionality of this sector as well as food security. Norway, in introducing its own proposal, said that the multifunctional character of agriculture should be safeguarded.

Hungary, also on behalf of Bulgaria, the Czech Republic, Latvia, the Slovak Republic and Slovenia, said that transition economies should be allowed to introduce or continue to use support measures necessary for the economic transformation of their agriculture.

Australia, underscoring its commitment to removing restrictions and distortions affecting agriculture, proposed establishing disciplines on export restrictions and taxes. It said this would lead to greater access to world markets for food and agricultural products and increased certainty of supply for food-importing countries. Australia and Argentina questioned the concept of "multifunctionality" for agriculture, maintaining that this sector should be treated just like other sectors in the WTO.

Iceland proposed the elimination of subsidies that contribute to fisheries over capacity, adding that these subsidies distorted trade, seriously undermined sustainable utilization of fish stocks and hampered sustainable development. Chile, the Philippines, Australia, New Zealand, Norway and the United States welcomed the proposal. Japan said that certain useful subsidies in this sector, such as those aimed at reducing overexploitation.

On services, Hong Kong said that all sectors should be on the table, and that deeper commitments in market access and national treatment should be achieved mainly through request/offer negotiations. It said it was time that members eliminate MFN exemptions in this sector. Norway proposed that neither any service sector nor any mode of supply should be excluded from the negotiations, and that environmental concerns should also be taken into account. India and Uruguay tabled separate proposals that called on developed countries to adopt commercially meaningful commitments in areas of interest to developing countries.

WTO Agreements

Proposals were presented for the review of various WTO Agreements:

- **TRIPS.** India proposed that to achieve the developmental objectives of the TRIPS Agreement, transfer of technology should be promoted through a binding obligation by holders of the proprietary technology, and that members address what it described as incompatibility between the TRIPS Agreement and the Convention on Biological Diversity. Turkey called for extending the scope of protection of geographical indications to other products, in addition to wines and spirits.
- **Anti-dumping.** Korea and Japan presented separate proposals for a review of the Anti-Dumping Agreement. Korea saw a link between the rise in anti-dumping measures in recent years and what it described as ambiguities in some key provisions of the Agreement. Japan expressed concern that frequent use of anti-dumping measures is nullifying the benefits of

tariff reductions.

- **Technical barriers to trade.** India proposed strengthening special provisions for developing countries in the Agreement on Technical Barriers to Trade. It also outlined ways and means of ensuring the participation of developing countries in the setting-up of standards and regulations.
- **Textiles and clothing.** India said that after five years, the anticipated benefits of the Agreement on Textiles and Clothing for developing countries had not materialized. It presented a proposal calling on developed importing countries to advance implementation of liberalization provisions and observe a moratorium on anti-dumping actions in this sector. Pakistan said it had previously tabled a proposal on textiles, and hoped the two proposals could be considered together.
- **Customs valuation.** India introduced a proposal aimed at helping customs administrations combat fraud, such as undervaluation of imports.

Singapore subjects

Proposals were also tabled on subjects that were agreed for study at the Singapore Ministerial:

- **Trade and investment.** The EC and Japan tabled separate proposals for developing multilateral rules on investment the next WTO negotiations. The EC said that multilateral rules would promote foreign direct investment and expand world trade, thereby contributing to the development of the world economy. These proposals were welcomed by Chile, the Czech Republic, Costa Rica, Hungary, Korea and Hong Kong, China. The Philippines, speaking on behalf of the ASEAN members, said that the notion of multilateral rules on investment, as suggested by Japan, lacked a development dimension.
- **Trade and competition policy.** Turkey proposed that future work be focused on studies aimed at promoting the adoption of national competition laws based on non-discrimination and transparency. It said that a multilateral framework of competition rules should include provisions for transitional periods according to members' stages of development.
- **Transparency in government procurement.** The EC proposed that Seattle prepare the ground for a substantive agreement in this area. □

Support for Bosnia's membership, proposals on e-commerce

At the General Council meeting on 15 July, Bosnia and Herzegovina said that after the war, the time had now come to look ahead and create the conditions for a prosperous future through wider economic cooperation and transparent relations in a globalizing world. It said it had made a firm political commitment to realize economic reforms, in-



General Council Chairman Ali Mchumo of Tanzania.

cluding privatization, transition to a market-oriented economy, further changes in foreign trade and customs policies and creating an attractive environment for foreign investment. WTO membership was an imperative step towards lasting political stability and economic sustainability. In applying for accession, it recognized its responsibilities and the amount of work that lay ahead.

Hungary, on behalf of the CEFTA countries and Latvia, said that they have followed with sympathy the efforts of Bosnia and Herzegovina to rebuild its economy and that WTO membership would contribute to this effort. The EC said that it was ready to work closely with the country to ensure that accession contributed to the reconstruction and transition of the economy as well as closer integration in the international economy.

Turkey, Pakistan, the ASEAN countries, Japan, Brazil, Slovenia and Jamaica also supported the application of Bosnia and Herzegovina.

The General Council established a working party to examine Bosnia and Herzegovina's membership request.

Electronic commerce

Australia submitted a paper proposing the following principles, which it said had emerged logically from the results of the WTO work programme so far, as the basis for further work on electronic commerce:

- that WTO members should express support for a minimalist, industry-led regulatory approach;
- that electronic transmissions should remain duty-free;
- that existing WTO rules should be applied to electronic commerce as far as possible, thus obviating the need to classify electronic commerce as a distinct regulatory domain in international trade; and
- that the WTO should help developing countries take advantage of the potential of electronic commerce as a trade facilitation tool, devoting particular attention to the development of and access to infrastructure, access to technology, technical assistance, and trade policies and commitments relating to services, investments, and tariffs and non-tariff measures.

Japan tabled a proposal consisting of the following points: treatment of digital contents transmitted electronically should be examined further so that the principles of m.f.n., national treatment and the general elimination of quotas could be applied; members should maintain the current practice of not imposing customs duties on electronic transmissions; and measures for privacy and consumer protection had legitimate policy objectives in and of themselves, however, a balanced approach was necessary to ensure that such measures did not develop into unnecessary regulations.

The United States said it was seeking a permanent and binding commitment on a duty-free cyberspace. It said that it was encouraged by progress in the work of various WTO bodies on electronic commerce, adding that when

consensus emerged on certain items, it would be useful to consider ways to formalize this in the context of the Seattle Ministerial Conference and the recommendations the General Council had to deliver to Ministers. The United States welcomed a paper from Singapore and Indonesia endorsing the standstill on duties on electronic transmissions.

Pakistan said there was an urgent need for an objective study of the developmental implications of the standstill on customs tariffs on electronic commerce since members might be required to take a position on this issue at the upcoming Ministerial Conference. It cautioned members against duplicating work in other organizations, citing as an example WIPO's current programme on intellectual property aspects of electronic commerce.

Regarding Australia's paper, Jamaica said that Australia should provide more information as questions remained, including on certain tax issues. India said that considering the ongoing work of various bodies on electronic commerce, it was premature to conclude that the principles cited by Australia could underpin WTO's future work in this area.

Malaysia said there was still large areas of divergence among members on electronic commerce, and that the possible extension of duty-free treatment was a subject that developing countries would have to examine further.

Review of US' shipping exemption

Several delegations urged the United States to modify its legislation prohibiting the use of foreign-built vessels in inter-ship ping, which had been granted an exemption at the conclusion of the Uruguay Round under paragraph 3 of the GATT 1994. Also under this provision, the exemption is to be reviewed five years after the entry into force of the WTO Agreement.

The United States stressed that the exemption was not a waiver or a temporary provision but an integral part of the GATT 1994. It said that the US legislation (Merchant Maritime Act of 1920 or the "Jones Act") covered by the exemption had not been modified or amended, and thus the conditions that had created the need for the exemption still existed. The United States said that with defence orders declining in a tight budget environment, it was critical for US shipbuilders to build commercial ships in order to ensure a viable industrial base to meet future US Navy requirements. Moreover, the US Navy relied on shipyards that worked on commercial ship ping for maintenance of naval and surge fleet vessels, such as the US Ready Reserve Fleet.

The EC, Norway and the ASEAN countries regretted the situation and pointed to the forthcoming negotiations as an opportunity for removing the exemption.

Japan said that the Jones Act requirement that domestic ship ping be built in the United States had put foreign shipbuilders at a disadvantage and had raised costs for clients, especially those who want to transport cargo on long-distance domestic routes such as US mainland and Hawaii. It said it had difficulties understanding the linkage between the needs of the US Navy and the need to keep the US inter-ship ping market completely closed. Japan called for a serious review of the US exemption.

Australia said all members, except the US, had been obliged to bring their previously grandfathered legislation

into conformity, in its case the discriminatory sales tax on fruit juice. It believed that paragraph 3 was not necessarily an integral part of the GATT 1994 as claimed by the US, and that it considered this provision to be a waiver.

The United States stressed that it had not obtained the exemption in the Uruguay Round for free. This exemption had resulted from a negotiation that had materially affected the way other elements of the WTO Agreements had been finalized. It said that the exemption would vanish when the US changed the legislation or decided to end the exemption through negotiation.

The General Council agreed to continue the review at its next regular meeting.

Global Trust Fund

The Chairman said that a number of members—Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the EC, and Hong Kong, China—have decided to unify various national trust funds in the WTO into a Global Trust Fund for WTO Technical Cooperation. He said that all members could participate in this Fund, which had been open to received voluntary financial contributions since 1 July 1999.

The Chairman said that the Global Trust Fund aimed at improving the management and implementation of WTO technical cooperation, to supporting and complementing the WTO regular budget, to enhancing technical assistance and to enabling the Secretariat to deliver technical cooperation in a flexible, timely and pertinent manner.

Other items

Other items taken by the General Council:

- The Chairman of the Committee on Balance-of-Payments Restrictions, Mr. Tomasz Jodko (Poland), reported that in simplified consultations held with Bangladesh last May, members had expressed sympathy for the severe floods suffered by that country last year. They considered that Bangladesh had met the requirements of the GATT 1994 cover for BOP import restrictions. Bangladesh was encouraged to submit a timetable for the phaseout of these restrictions as soon as possible. The Chairman added that Bangladesh had informed the Committee of measures being taken with respect to these restrictions and of its agreement to hold full consultations in May 2000.
- The General Council extended Peru's waiver from its obligations under the WTO Agreement on Customs Valuation from 1 April 1999 until 1 April 2000. The decision provides that Peru will apply the Customs Valuation Agreement to 50 per cent of tariff headings by 1 January 2000 and will be reporting to the Goods Council on the progress of work towards meeting the terms and conditions of the waiver.
- Australia and New Zealand criticized US import restrictions on lamb meat, taken under the WTO Safeguards Agreement, as unjustified.
- The General Council agreed that observer governments would be allowed to participate in the informal preparatory meetings for the Seattle Ministerial Conference.
- The United States announced it had rescinded its invocation of non-application of the WTO Agreements with Mongolia. □

Hormone beef dispute:**DSB authorizes suspension of concessions****Five panels established**

The Dispute Settlement Body, on 26 July, authorized the United States and Canada to suspend tariff concessions against the European Communities in the amounts established by arbitration. The arbitrators (the original panel) had determined that the level of trade damage suffered by the United States due to the nonimplementation by the EC of the DSB recommendations concerning the hormone meat dispute to be US\$116.8 million, and that of Canada to be Can.\$11.3 million.

The United States welcomed the arbitrators' awards, and said it would implement the suspension of concessions against EC products on 29 July. It said that its objective is not to suspend concessions but to reach a mutually-acceptable solution with the EC.

Canada said that it would announce the full list of EC products subject to additional tariffs by the end of July. It said that the arbitrators had underestimated the amount of trade lost by Canada.

The EC said that the awards are considerably less than those originally requested by Canada and the United States. It said it is studying its next steps in view of its WTO rights and obligations. The EC believed that compensation through negotiations is the preferred approach.

Before starting its formal meeting, the DSB observed one minute of silence in memory of King Hassan II of Morocco, who hosted the Marrakesh Ministerial Conference in April 1994 that established the WTO.

Argentina's leather measures

The European Communities said that this dispute had been the subject of discussions with Argentina all through of last year, and that no solution had been found. It is therefore again requesting the establishment of a panel to examine its complaint.

Argentina maintained that while its tanning industry representatives are allowed to participate in customs clearance, they have no legal power to restrict exports. It stressed that a tax referred to by the EC apply to both imported and domestic products. Argentina believed that the EC's request is inappropriate but would not block the establishment of a panel. It expressed hope that a mutually-acceptable solution in this dispute would still be possible.

In its formal request, the EC claimed that the following measures maintained by Argentina contravened GATT 1994 provisions: the de facto export prohibition on raw and semi-tanned bovine hides through authorization granted to the Argentinean tanning industry to participate in customs control procedures before export; the additional VAT of nine per cent on imports; and the "advance profit tax" based on the price of the imported goods imposed on operators when importing goods into Argentina.

The DSB established a panel to examine the EC complaint.

ACTIVE PANELS

(6 August 1999)

Complainant	Subject of the complaint	Date established
New Zealand	EC - Measures affecting butter products (panel proceedings suspended)	18.11.1998
EC	US - Tax treatment for "foreign sales corporations"	22.09.1998
EC, Japan	US - Measure affecting government procurement (panel proceedings suspended)	21.10.1999
US	Mexico - Anti-dumping investigation of high-fructose corn syrup (HFCS) from the US	25.11.1998
Canada	EC - Measures affecting the prohibition of asbestos and asbestos products	25.11.1998
EC	Canada - Patent protection of pharmaceutical products	01.02.1999
EC	US - Anti-Dumping Act of 1916	01.02.1999
Japan, EC	Canada - Certain measures affecting the automotive industry	01.02.1999
EC	US - Imposition of countervailing duties on certain hot-rolled lead and bismuth carbon steel products originating in the United Kingdom	17.02.1999
US, Australia	Korea - Measures affecting imports of fresh, chilled and frozen beef	26.05.1999 26.07.1999
EC	US - Section 110(5) of the US Copyright Act	26.05.1999
EC	US - Import measures on certain products from the EC	16.06.1999
US	Australia - Measures affecting the importation of salmonids	16.06.1999
US	Korea - Measures affecting government procurement	16.06.1999
EC	Argentina - Measures on the export of bovine hides and the import of finished leather	26.07.1999
Japan	US - Anti-Dumping Act of 1916	26.07.1999
US	Argentina - Measures affecting imports of footwear	26.07.1999
EC	United States - Anti-Dumping Act of 1916	01.02.1999

US Anti-Dumping Act of 1916

Japan reiterated its claim that the US law is inconsistent with the WTO. It said that this law does not only deal with anti-trust cases but also with anti-dumping actions.

The United States said that no action had been taken under this law for the past 80 years, and thus its trade effects have been minimal. It maintained that the law is fully consistent with the WTO.

In its formal request, Japan alleged that the US law, among other things, contravened the "national treatment" provision of GATT 1994 that required equal treatment to imported and domestic products, and provisions of the WTO Agreement on Anti-Dumping Measures. It also claimed that the United States had not fulfilled the obligation of members under the WTO Agreement to ensure the conformity of their laws with the various WTO Agreements.

The DSB established a panel to examine Japan's complaint. The EC and India indicated their interest to participate as third parties in the panel proceedings.

US' safe guard measures on wheat gluten

The EC said there had been no new developments in this dispute since it first requested a panel to examine the US measures, and thus it is reiterating its panel request.

The United States said the measures in question were adopted after an exhaustive review of its domestic industry, and that it had consulted with the EC prior to the implementation of the measures. It maintained that the measures are consistent with the WTO Safe Guard Agreement, and that it would actively defend them before the panel.

The EC, in its formal complaint, claimed that the US' safe guard investigation had disregarded fundamental requirements set out in the Safe Guards Agreement. It also alleged that the US had violated the most-favoured-nation treatment principle of the GATT 1994 by favouring Australia in the allocation of quotas for wheat gluten.

The DSB established a panel to examine the EC complaint. Australia and New Zealand indicated their interest to participate as third parties in the panel's proceedings.

Korea's measures on beef

Australia said that Korea had imposed a range of measures that discriminates against imported fresh, chilled and frozen beef. It said consultations with Korea held in May had not resolved the dispute, and thus it is requesting a panel to examine its complaint.

Korea maintained that its system regarding beef is in full conformity with the WTO. It noted that a panel, at the request of the United States, is already examining this matter, and that it could agree to a single panel that would examine both the US and Australian complaints.

In its formal complaint, Australia claimed that Korean measures required that Australian beef be sold only in specialized import stores, and limited the number of entities allowed to import beef. It alleged that Korea applied a mark-up on imported beef that is not applied to domestic beef.

The DSB agreed to establish a single panel to examine the US and Australian complaints.

Argentina's measures on footwear

The United States said that a panel has concluded that Argentina's measures on imports of footwear are in consistent with the WTO. It said that it was a third party in that case, and cited a provision of the WTO Dispute Settlement Understanding that grants third parties recourse to normal dispute settlement procedures with respect to a measure that is already the subject of a panel proceeding.

Argentina expressed concern over repeated panel requests on one subject, adding that a panel requested by the EC on the same subject raised by the US has already circulated its final report.

Indonesia shared the US concerns about Argentina's measures. It said that it is withholding its panel request until after it had concluded its study of the panel report.

The DSB established a panel to examine the US complaint.

Two new panel requests

The DSB agreed to revert to the following panel requests at its next meeting:

- Mexico requested a panel to examine Guatemala's definitive anti-dumping measure on grey portland cement

from Mexico. It suggested that the panel be established at that meeting because the subject-matter is nothing new. Mexico recalled that it had challenged Guatemala's anti-dumping investigation of Mexican cement in 1996, and that a panel ruling in its favour had been reversed by the Appellate Body. Guatemala expressed surprise at Mexico's request in view of an ongoing judicial review in Guatemala on the anti-dumping measure in question. It opposed the establishment of a panel as the two parties may still be able to agree on a mutually-acceptable solution to the dispute.

- The United States complained that while the TRIPS Agreement provides for 20 years of patent protection, Canada granted only 17 years. It called on Canada to agree to a bilateral solution to the dispute as it believed that the result of the dispute-settlement proceedings is obvious. Canada objected to the US request and maintained that its patent regime is consistent with the TRIPS Agreement.

Surveillance of implementation

The DSB heard status reports on the implementation of its recommendations:

- Indonesia reported that a new policy package on automotive industry, issued in June, has removed all WTO-inconsistent elements of its 1993 car programme, including local-content requirements and discriminatory aspects of the sales tax. The complainants in this case—the EC, Japan and the United States—said they are reviewing the new measures. The Chairman congratulated Indonesia for implementing the DSB recommendations three months ahead of schedule, although he noted that some members still need to analyze the new measures.
- The EC said it continued to consult and discuss with all the main interested parties regarding possible amendments to its banana regime so as to prevent another legal challenge in the WTO. It said the problem is determining what the banana suppliers really want as they have different interests. Ecuador said that the EC banana regime continues to cause damage to its economy, and expressed concern over what it said was the lack of decisive will by the EC to reform its regime. It said that the delay in implementing the panel recommendations is harming the credibility of the multilateral trading system. Guatemala, Honduras, Panama, Mexico, the United States and Colombia shared Ecuador's concerns and urged the EC to undertake further efforts to implement the recommendations.
- The United States said that with respect to the shrimp case, it has revised guidelines on the certification of shrimp trawl fishing programmes of other countries through a process open to all parties. In addition, it has redoubled efforts to negotiate an agreement with the governments of the Indian Ocean region on the protection of sea turtles and has renewed its offer of technical training. India said that it sees no contradiction between US' WTO obligations and its environmental protection policies, and requested more details on US implementation. Malaysia and Pakistan urged the US to lift immediately its import prohibition. □

UNITED STATES

Pivotal role in supporting the world economy in the wake of the financial crisis

The Trade Policy Review Body of the World Trade Organization (WTO) conducted its fifth review of the United States' trade policies on 12 and 14 July 1999. Excerpts from the Chairperson's concluding remarks:

Members acknowledged that the US economy is among the most open and transparent in the world. This openness and its recent impressive economic performance have meant that the United States has played a pivotal role in supporting the world economy in the wake of the Asian financial crisis. At the same time, imports, often at lower prices, have served as an important safety valve for the US economy, helping to meet domestic demand and subdue inflationary pressures that might otherwise have emerged. Further, foreign investment has enabled the US economy to grow faster than would have been the case had it relied solely on domestic saving.

Members acknowledged that while the resulting large and widening US current account deficit, and difficulties faced by some sectors (notably steel and agriculture), have led to certain protectionist pressures, hitherto the Administration has, by and large, resisted these pressures, to the benefit of the multilateral trading system.

None the less, one senses that Members are worried that

Delegations asked clarification or voiced concerns about a number of features of the US trade and investment regime and recent developments therein...

if the US economy slows substantially, and unemployment starts to edge up, it may become more difficult for the Administration to resist domestic protectionist pressures. Moreover, given that the United States is the world's single largest trader and the importance that Members attach to its leadership role on multilateral issues, delegations asked clarification or voiced concerns about a number of features of the US trade and investment regime and recent developments therein, particularly those of a unilateral or extra-territorial nature. Among these features were:

- the impact of regional initiatives on the WTO-based multilateral system;
- the existence of tariff "peaks", often embodied in specific rates, and tariff escalation;
- some recent high profile anti-dumping (notably in steel), countervailing and safe guard (*inter alia*, lamb) actions;
- conditions attached to the GSP;
- import protection and the export enhancement programme for agriculture;
- rules of origin, especially with respect to textiles and clothing;
- speed and scope of implementation of commitments



Ambassador Rita Hayes and Deputy Trade Representative Susan Esserman, who headed the United States delegation at the Trade Policy Review Body meeting. (T. Tang/WTO)

pertaining to the Agreement on Textiles and Clothing (ATC);

- measures, notably 301 and related actions, aimed, *inter alia*, at securing market access abroad for US exporters;
- actions by the US in matters that have not fully worked their way through WTO disputes settlement procedures;
- extra-territorial application of US and sub-federal laws (including those pertaining to labour, health, sanitary and environmental standards);
- state-federal relations relating to US WTO commitments;
- protection of US shipbuilders and providers of shipping services;
- government procurement, in particular the Buy American Act.
- harmonization of US intellectual property rights with international practice.

Clarification has been brought to these issues and we look forward to written replies on outstanding matters.

The US commitment to the full implementation, and compliance with, WTO rules and principles has to be noted. Although the above matters may appear to be relatively insignificant for an economy as large as the United States, some can have extremely serious repercussions for US trading partners, especially smaller less-developed economies.

Looking to the future, Members expressed some worry over the Administration's difficulty, for the time being, in securing "fast-track" authority, which many Members perceived as a reflection of a certain erosion of support within the United States for trade liberalization. While noting that "fast-track" was not needed for negotiations and the endeavours of the US Administration to build overall (domestic, institutional and international) support for a meaningful, transparent trade agenda, with the next Ministerial being hosted by the United States in Seattle later this year, Members look to the United States to demonstrate its traditional leadership role in undertaking future multilateral trade negotiations. □

US' strong economic performance due to the continued liberalization of trade and investment

The United States is enjoying its second longest period of sustained economic expansion with real GDP growth averaging over 2.8% during the years 1992-96 and accelerating to 3.9% in 1997 and 1998. A new WTO Secretariat report on the United States' trade policies and practices notes that this is due in part to the impetus provided by trade and investment liberalization resulting from the Uruguay Round Agreements and the North American Free Trade Agreement (NAFTA).

The report notes that imports have helped to satisfy domestic demand resulting in lower prices and wider consumer choice. The openness of the economy has contributed to improving the competitiveness of U.S. producers, creating more and better paid jobs.

Although the current account deficit was at a record level of US\$233 billion in 1998 the short fall in national savings relative to domestic investment was made up by foreign investors.

The report states that although "fast-track" authority expired in 1994, the administration may still carry on with necessary regulatory changes and both start and complete trade negotiations. The report notes the United States is extremely active in WTO activities: it participated in all post-Uruguay Round negotiations, including telecommunications and financial services and played a vital role; the United States is also the biggest user of the WTO Dispute Settlement system with 48 disputes filed in the period 1996-98.

The United States concluded no new regional arrangements but pursued its trade integration within the framework of the North American Free Trade Agreement (NAFTA) and the Asia-Pacific Economic Cooperation forum (APEC). It also worked on the development of two new initiatives: a Free Trade of the Americas (FTAA) and a Transatlantic Economic Partnership (TEP) with the European Union. Bilaterally, the United States concluded 63 agreements on trade, investment and intellectual property rights. The report notes that the United States grants unilateral preferential market access to products from selected developing countries, under schemes such as the Generalized System of Preferences (GSP), the Andean Trade Preferences Act (ATPA), and the Caribbean Basic Economic Recovery Act (CBERA).

Low tariffs

The report states that most imports enter the United States either duty free or are subject to very low tariffs. Zero tariffs apply to nearly one third of national tariff lines and the applied simple average Most-Favoured-Nation (MFN) rate has declined from 6.4% in 1996 to 5.7% in 1999. The average can be expected to fall to 4.6% once the Uruguay Round and Information Technology Agreement (ITA) tariff cuts are fully implemented. All lines except two are bound. In spite of low overall level tariff protection, the report points out some tariff "peaks" (three times the overall average) on certain agricultural and food products as well as textiles, clothing and footwear. About one in seven duties are specific (as opposed to *ad valorem*).

Any major upsurge in protectionist measures could impair the US' economic performance...

The United States currently applies import licensing and prohibitions mainly for security, consumer health and environmental reasons. In addition, quotas apply to certain U.S. imports of textiles and clothing, subject to the provisions of the WTO Agreement on Textiles and Clothing (ATC). In recent years, the United States has made less use of contingency measures (countervailing and anti-dumping duties, and safeguard measures). For example, in the period under review, the total number of anti-dumping investigations initiated declined from 102 in 1993-95 to 72. Investigations under sections 301-306 of the Trade Act of 1974 have been either settled bilaterally or brought to the WTO.

Services

Services are the largest contributor to output and employment in the U.S. economy. In 1997, the sector accounted for 76.5% of GDP and 79.3% of total employment. The sector's average annual nominal growth rate (6%) during the period of 1995-97 exceeded that of the U.S. economy as a whole (5.6%). Services are also playing an important role in U.S. trade with 28.0% of total U.S. exports and 16.5% of total imports in 1998. Whereas U.S. merchandise trade resulted in a deficit of US\$248 billion in 1998, trade in services generated a surplus of US\$78.9 billion.

In the negotiations on basic telecommunications under the General Agreement on Trade in Services (GATS), the United States made commitments covering the entire range of basic telecommunications services, granting foreign firms access to all services, using any means of technology. Nevertheless, some restrictions on foreign ownership remain. In the WTO financial services negotiations, the United States removed its prior broad MFN exemption and bound commitments on market access and national treatment for all subsectors except in limited circumstances.

Transportation, the report notes, is one service sector that remains somewhat insulated from international competition with cabotage policies restricting the provision of domestic services to U.S. carriers in both maritime and air transport services. Support measures such as subsidies and cargo preference requirements are in place to encourage the use of U.S. carriers.

In professional services, the U.S. federal system reserves the governance of professions to individual states. There is an absence of a uniform regulatory regime at a national level, and different market access conditions apply.

The report notes that the U.S. case suggests that trade and investment liberalization support strong economic performance. In conclusion the report warns that any major upsurge in protectionist measures could impair such performance. □

BOLIVIA

Predictable and transparent trade regime commended

The TPRB conducted its second review of Bolivia's trade policies on 19 and 21 July. Excerpts from the Chairperson's concluding remarks:

We have had very open and constructive discussions, with Members commending Bolivia in very favourable terms on its economic stabilization and reform programme implemented since the previous review in 1993. Despite external shocks, including El Niño, and institutional weaknesses, Bolivia has achieved steady growth, sharply reduced inflation and attracted considerable foreign capital. No doubt major factors in this performance have been the modernization of the state, including the privatization of public enterprises, and consistent trade and investment liberalization, largely carried out on an unilateral basis.

Members viewed Bolivia's trade and investment regime as predictable and transparent. They highlighted the virtually uniform *ad valorem* tariff of 10% and Bolivia's shunning of non-tariff trade barriers and trade defence measures. Bolivia was also praised for its largely neutral incentive structure that does not discriminate among sectors. Members noted especially that agriculture was largely free of government intervention, and had become the major export.

Members welcomed Bolivia's Economic and Social Development Plan XXI based on the principles of opportunity, equity, dignity and institutionality with a view *inter alia* to alleviate poverty and marginalization. In deed, reform will have to benefit large sections of the population as poverty remains a problem. Moreover, Bolivia's trade and investment regime is undermined by longstanding administrative weaknesses and a large informal sector.

Members strongly encouraged Bolivia to further consolidate and build on its recent achievements by focusing on areas such as bringing in formal activities into the formal economy...

Members strongly encouraged Bolivia to further consolidate and build on its recent achievements by focusing on areas such as stricter enforcement of the rule of law and bringing in formal activities into the formal economy. And the multilateral system must contribute, particularly with technical assistance; once needs are clearly identified, I think that every effort should be made to meet them.

Members considered Bolivian commitments under the GATS as relatively modest in light of the liberalization of recent years. Bolivia's trading system would be strengthened by expanding its WTO bindings. Members also invited Bolivia to consider undertaking new multilateral engagements to close the wide gap between applied and bound tariffs, and to sign the Agreement on Government Procurement.

Delegations provided orally or in writing detailed clarifications on a number of features of Bolivia's trade and investment regime, including:



A mechanics' workshop at Pillapi, Bolivia: the country's development plan is aimed at alleviating poverty and marginalization. (ILO Photo)

fications on a number of features of Bolivia's trade and investment regime, including:

- statistical reliability due to a large informal sector;
- the apparent dispersion of trade policy responsibilities across a number of ministries;
- customs administration reform process and new customs legislation. We noted the objectives of efficiency, transparency and simplification;
- the gap between certain bound and applied tariff rates;
- lower domestic taxes levied on certain locally produced alcoholic beverages;
- potentially discriminatory rail-freight charges collected on imports;
- the nature (voluntary/compulsory; national/regional) of technical standards and their WTO notification;
- expectations for export diversification;
- the application of trade-related investment measures under the Hydrocarbons Law;
- existing competition provisions and possible adoption of a general and sectoral competition law;
- government procurement practices;
- the adoption of new intellectual property legislation and efforts to improve enforcement;
- the ratification of the Fifth Protocol to the GATS on financial services;
- participation in regional trading arrangements, particularly the Andean Community and with MERCOSUR, Chile, Cuba and Mexico, and their notification under the GATT and GATS.

Members recognized the challenges Bolivia faces as a small developing economy in the application of WTO commitments, and that complying with these commitments had conveyed social and political costs. Members were conscious of the importance of complementing domestic reform efforts with support from the multilateral trading system, and expressed their readiness to consider positively Bolivia's further specific requests for technical assistance. Finally, it is my sense that in view of the dynamism showed by the Bolivian delegation during this review, Members look forward to its constructive role in the preparatory process for the upcoming multilateral trade negotiations. □

Outward looking policies bring growth and increased trade to Bolivia

Bolivia's successful macroeconomic stabilization and its outward looking trade and investment policies have resulted in steady GDP growth, lower inflation, and increased trade and investment. The Bolivian trade regime is inherently predictable and transparent, says a new WTO report on the trade policies of Bolivia. The report also notes, however, that administrative shortcomings, an uneven application of laws and a large informal sector remain problems which Bolivia is seeking to address through a second round of reform to strengthen governance and bring in formal activities into the formal economy.

The report notes that between 1993 and 1998, GDP in Bolivia grew at an average of 4.6%, while the annual cumulative inflation rate was reduced to less than 5%. The share of reported merchandise trade to GDP rose to 43%, from about 36% in 1993. Trade flows have continued to diversify both in terms of products and markets. The role of the state has been reduced through a comprehensive privatization programme and a more liberal investment regime has encouraged a considerable rise in foreign direct investment.

The report states that Bolivia applies a uniform tariff of 10%, except for a 5% rate applied to capital goods and a 2% rate on books. The present tariff regime is mainly the result of autonomous initiatives. Bolivia bound its tariffs at a general ceiling rate of 40%, thus leaving a wide gap between applied and bound rates. The report notes that this, and complexities arising from preferential trade agreements and the use of a selective specific consumption tax could detract from the transparency and predictability of Bolivia's tax structure.

Overall, Bolivia avoids the use of non-tariff barriers

and it has never taken anti-dumping or safeguard actions. Bolivia uses tax refund schemes to support its exports, schemes which, however, do little to overcome difficulties for producers and exporters affected by structural problems in several economic sectors. The report states that Bolivian exporters also face access difficulties in certain foreign markets, especially in regard to technical requirements.

Agriculture and related processing activities, which are largely free of major government intervention, including subsidies, account for a large portion of Bolivia's foreign exchange earnings, some 42% in 1997. Soya exports, in particular, have undergone remarkable growth since 1993. The report notes that, driven by foreign demand, the coca-cocaine industry maintains a visible albeit declining role in the Bolivian economy.

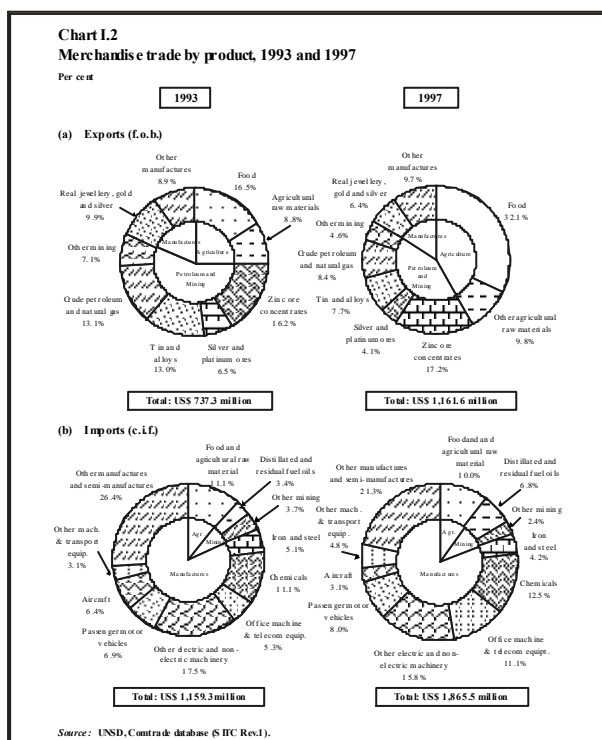
Mineral extraction and processing, including hydrocarbons, are traditional sectors that continue to interest foreign investors. In recent years, foreign investment in those sectors has been spurred on by the privatization of mining assets and by new sectoral laws liberalizing investment. Mining activities accounted for 42% of export earnings in 1997.

There has been little progress in stimulating a supply response in manufacturing other than the processing of mineral, agricultural and forestry products. This is due, in part, to problems related to infrastructure, high transport costs, a limited skilled labour supply and competition from informal activities. Consequently, these activities still make up only a small contribution to Bolivia's economy.

In contrast, the services sector has come to play a central role in the Bolivian economy. Although in the past the state was an important supplier of services, most have now been privatized. Far-reaching steps have been taken to strengthen the institutional framework, including the adoption of new legislation in financial, transport and telecommunication services. Most service activities are now open to foreign investment, which has played a key role in their modernization. Bolivia's commitments under the General Agreement on Trade in Services (GATS) are relatively modest, although its autonomous liberalization efforts have established the bases for expanding them.

The report notes that the enforcement of intellectual property rights, technical requirements, and sanitary and phytosanitary rules is weak, but on-going regulatory and administrative improvements should help address most concerns. Bolivia has not signed the plurilateral Agreement on Government Procurement and favours national suppliers in public tenders.

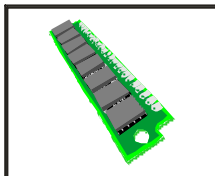
Although Bolivia's trade policy has been largely based on unilateral liberalization, multi-lateral and regional initiatives have played important supporting roles. Since 1993, Bolivia has concluded new agreements with Chile, Cuba, MERCOSUR and Mexico. In view of Bolivia's geographical position, most of these preferential initiatives have the potential to increase trade and investment but, the report notes, they could also undermine the transparency, predictability and resource allocation advantages of Bolivia's most-favoured-nation trade regime. □



WTO Information Technology Symposium

IT industry urge WTO work on non-tariff barriers

Industry representatives, at the WTO Symposium on Information Technology held on 16 July, lauded the elimination of tariffs under WTO's Information Technology Agreement (ITA) but called for parallel action on non-tariff barriers, such as import licenses and different safety and testing requirements on IT products



The one-day symposium was opened by WTO Director in Charge David Hartridge, who noted the important linkages between information technology and other sectors that had recently been liberalized in the WTO: basic telecoms and financial services.

WTO's chief economist, Mr. Patrick Low, said that world trade in telecommunications and office equipment, a substantial part of which is covered by the ITA, is rapidly expanding. It reached \$670 billion in 1998, accounting for some 13 per cent of world merchandise trade.

Reports on the growing role of information technology in their respective countries were given by Mr. Claro Parlade of the Philippines; Mr. Hanan Achsaf, president of Motorola Israel; Mr. Ivan Ricar, Director-General of TTC Tesla Komunikače of Prague; Mr. Linnar Viik of Levicom Broadband of Estonia; Mr. Alejandro Montalvo, president of the Costa Rican Chamber of Software Developers; Mr. Mohammed Salleh Hj. Masduki, vice president of Multimedia De-

velopment Corporation of Malaysia.

Mr. William Maxwell of Hewlett Packard, representing the Information Technology Industry Council based in Washington D.C. (made up of leading IT companies, including Apple, Compaq, Eastman Kodak, Gateway, IBM, Intel, Microsoft, Motorola, Sony and Xerox) urged ITA participants to further facilitate trade through the reduction of non-tariff barriers, in particular through streamlining what he said are redundant testing and certification requirements imposed by governments on IT imports. He said that such requirements have increased seven times from 1990-98, resulting in delays that have raised costs for producers and consumers. Mr. Maxwell proposed that governments adopt one-standard one-test policy and facilitate recognition of the supplier's declaration of conformity.

An other speaker, Mr. Michel de Vecchis of Alcatel France, urged the use of common standards on IT products based on international standards such as those of the ISO.

Mr. David McGuire of Norton Networks Canada pointed to import licensing requirements as the main trade problem for his company. He said that these requirements represent additional administrative burden and add to delays because countries have different interpretation of product description required in the licenses. Mr. McGuire said that cost of delays in customs of ten exceeded pre-ITA tariffs, and suggested that ITA participants work towards elimination of import licensing for IT products. □

Dispute Settlement Video

The WTO has produced a new video that explains in simple terms how trade disputes are resolved in the organization. The video provides two cases of dispute resolution: when parties reach an amicable solution (the sound recording copyright dispute involving the US, EC and Japan), and when the case goes through the whole process (the gasoline dispute involving Venezuela, Brazil and the US).

The video (30 minutes, in English, French or Spanish, SF30.-) can be used as a training or teaching tool. □

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14	Working Group on Trade and Competition Policy
14, 16	Trade Policy Review: Israel
16	Committee on Rules of Origin Committee on Specific Commitments
20-21	Council for Trade in Services; Committee on Balance-of-Payments Restrictions
22	Dispute Settlement Body; Working Party on Saudi Arabia
22-24	Committee on Regional Trade Agreements
23-24	Dispute Settlement Body
22	Working Group on Transparency in Gov't. Procurement
27	Committee on Rules of Origin; Working Party on Croatia
27, 29	Trade Policy Review: The Philippines
28	Special Session of the General Council; ITA Committee
29	Sub-Committee on Least-Developed Countries
29-30	Committee on Agriculture