WTO Members
(As of 31 December 1999)

Angola
Antigua and Barbuda
Argentina
Australia
Austria
Bahrain
Bangladesh
Barbados
Belgium
Belize
Benin
Bolivia
Botswana
Brazil
Brunei Darussalam
Bulgaria
Burkina Faso
Burundi
Cameroon
Canada
Central African Rep.
Chad
Chile
Colombia
Congo
Congo, Dem. Rep. of the
Costa Rica
Côte d'Ivoire
Cuba
Cyprus
Czech Republic
Denmark
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Estonia
European Communities
Fiji
Finland
France
Gabon
Gambia
Germany
Ghana
Greece
Grenada
Guatemala
Guinea Bissau
Guinea, Rep.of
Guyana
Haiti
Honduras
Hong Kong, China
Hungary
Iceland
India
Indonesia
Ireland
Israel
Italy
Jamaica
Japan
Kenya
Korea, Rep. of
Kyrgyz Republic
Kuwait
Latvia
Lesotho
Liechtenstein
Luxembourg
Macau, China
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Netherlands
New Zealand
Nicaragua
Niger
Nigeria
Norway
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Romania
Rwanda
St. Kitts and Nevis
St. Lucia
St. Vincent & the Grenadines
Senegal
Sierra Leone
Singapore
Slovak Republic
Slovenia
Solomon Islands
South Africa
Spain
Sri Lanka
Suriname
Swaziland
Sweden
Switzerland
Tanzania
Thailand
Togo
Trinidad and Tobago
Tunisia
Turkey
Uganda
United Arab Emirates
United Kingdom
United States
Uruguay
Venezuela
Zambia
Zimbabwe

This report is also available in French and Spanish
(Price: SFr 50)

To order, please contact:
WTO Publications
World Trade Organization
154, rue de Lausanne
CH-1211 Geneva 21
Tel: (41 22) 739 52 08 or 53 08
Fax: (41 22) 739 54 58
Email: publications@wto.org

ISSN 1020-4997
ISBN 92-870-1214-8
Printed in France
V-2000-5,000

Table of Contents

List of tables, charts and boxes

Chapter Two - World trade developments

Chapter Four - WTO activities

Chapter Five - Organization, secretariat and budget

Abbreviations and symbols

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South-East Asian Nations
CEFTA	Central European Free Trade Agreement
CIS	Commonwealth of Independent States
ECU	European currency unit
EFTA	European Free Trade Association
EU	European Union
FDI	Foreign direct investment
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
LAIA	Latin American Integration Association
MERCOSUR	Southern Common Market
NAFTA	North American Free Trade Agreement
OECD	Organisation for Economic Cooperation and Development
TOT	terms of trade
UNCTAD	United Nations Conference on Trade and Development

c.i.f.	cost, insurance and freight
f.o.b.	free on board
n.a.	not available

The following symbols are used in this publication:

...	not applicable
0	figure is zero or became zero due to rounding
$	United States dollars

Billion means one thousand million.

Minor discrepancies between constituent figures and totals are due to rounding.

Unless otherwise indicated, (i) all value figures are expressed in US dollars; (ii) trade figures include the intra-trade of free trade areas, customs unions, regional and other country groupings; (iii) merchandise trade figures are on a customs basis, and (iv) merchandise exports are f.o.b. and merchandise imports are c.i.f. Data for the latest year are provisional.

Chapter One

OVERVIEW

Overview

Introduction

1999 was a turbulent year for the WTO. After the Organization had been without a Director-General or Deputy Directors-General for four months, the new Director-General, Mr. Moore, took office only on 1 September, when the Third Ministerial Session at Seattle was already looming. It is a matter of record that, despite a year of hard preparatory work by the Chairman of the General Council, delegations and the Secretariat, the Ministerial failed to reach agreement either on the launch of a new Round of trade negotiations or on the other important points which had emerged in the course of the preparatory process. Furthermore, the WTO found itself at the centre of a wave of resentment against many aspects of the global economy, for which the Seattle Ministerial became a focus.

The events at Seattle attracted much media comment, and some sweeping pronouncements were made in the heat of the moment about the value and the future of the WTO. The more catastrophic interpretations of Seattle have already been debunked. The WTO is not lost; and it is not discredited. On the contrary, it is the more extreme critics who are becoming discredited as the WTO system shows its resilience and as the membership demonstrates its collective will to move constructively forward. Despite the setback of Seattle, the multilateral trading system is continuing and will continue to deliver a vital contribution to economic growth and stable economic relations among its members at all levels of development.

Trade rebounds in 1999

The trade figures for 1999 bear out the more balanced view. The second half of the year saw a significant strengthening of global output and trade which have improved the prospects for higher growth in 2000. The major factors contributing to this rebound from 1998's downturns were continuous high demand growth in North America and recovery in Asia.

The existence of an effective rules-based multilateral system was crucial in making the Asian recovery possible. WTO rules and disciplines helped crisis-hit Asian governments resist protectionist pressures and, by doing the same for their main export markets, helped these economies to trade their way out of the crisis. The WTO system has thereby helped significantly to ensure that the crisis was both less generalized and shorter in duration that it otherwise surely would have been.

The trade expansion in 1999 had a positive impact for developing countries, whose merchandise and services exports both expanded by about twice the global average. This was a return to the trend of the 1990s which had been interrupted in 1998. For 1999, developing counties accounted for 27.5% of world merchandise exports and 23% of commercial services exports, both figures more than 4% up on 1990. Even among the least-developed countries there were some significant increases in exports in 1999. While non-fuel primary commodity exporters faced a generally unfavourable position some nonetheless expanded exports by around 20%. LDC manufactured goods exporters saw export volumes grow by between 7% and 25%.

The fundamental trade picture is thus a generally positive one, even if the opportunities to benefit from trade are still unevenly distributed and limited by capacity constraints in many poorer countries.

A dynamic work programme

As the WTO continues to evolve, the shock of Seattle may in the end prove to have been a salutary one. A wake-up call to reaffirm the core values and mission of the WTO, to ensure it does a better job of carrying them out, and to relate better to the people it serves.

This is the spirit which has guided the work programme on which the Director-General has been active with WTO Members both in Geneva and in capitals since the start of2000.

Firstly, the negotiations in **services** and **agriculture** have been set in motion. The mandated negotiations and reviews under the **TRIPS** Agreement are also under way.

The value and significance of these negotiations is enormous. Together they cover the range of economic activity from the most basic to the most sophisticated, and they have the potential to improve prospects for people around the world.

In agriculture, improved market access and reduced competition from richer countries' subsidies are crucial for most developing countries, both to develop their present structure of trade and to diversify into products with potential for new development. Increased production possibilities in agriculture are also one key to resolving the problems of rural poverty which assail so many developing countries; and increased trade possibilities here are one very important way to promote development. These new opportunities, if seized to the full, will benefit the rural poor in the poorest countries.

Liberalization of services trade, too, is an essential ingredient for any successful economic development policy. This is why, for the first time in the history of the multilateral trading system, several developing countries have come forward during the past two years with unilateral bindings of liberalization commitments in financial services and telecommunications under the GATS.

Liberal, coherent and more stable policy conditions in services – and the attendant mobilization of private capital and expertise – are a precondition for efficiency – enhancing reforms in main infrastructural sectors such as telecommunications, finance, insurance, and transport. Reforms in these areas are likely to produce economy-wide benefits and, in particular, help to promote those industries in which the countries concerned are genuinely competitive and can become better integrated into international markets.

In addition to these negotiations, the DG and the General Council Chairman have launched a realistic but important programme of consultations aimed at producing agreement on measures in favour of **least-developed countries**, on improving the funding and planning of WTO **technical co-operation** activities, on transition periods and other **implementation issues** and on improving **internal transparency** and the **fuller participation** of WTO Members.

Specifically, the LDC package remains a top priority in terms of the development objectives of the WTO and in terms of basic morality. Market access is vital for these countries but it is not the whole answer – this is why the Secretariat is also working urgently to improve our effort through the Integrated Framework programme with other agencies to help build the capacity to trade.

The WTO is not, and cannot aspire to be, a development agency in the same sense as UNDP or the World Bank. But we can make a worthwhile – if modest – direct input to the development of its poorer Members through our programmes of technical assistance and training. The demand for this assistance far outstrips our budgetary resources. This is why the Director-General is seeking an additional ten million Swiss francs annually on the technical cooperation budget, linked to improved planning and administration of the work it will fund.

The third set of measures aimed primarily at developing-country Members concerns implementation, and in particular the transition periods under various WTO agreements which are expiring or have expired. The implementation dossier was very important – and difficult – in the preparation for Seattle, but a great deal was accomplished by way of defining issues and possible approaches. This subject remains a key to the attitude of many developing countries to a more ambitious future trade agenda, and it must be dealt with in a balanced way

The last element in this series is the issue of transparency and participation. Many Members were critical of the way the WTO's procedures for consultation and decision-making operated before and at Seattle. There is now more or less general agreement that the biggest problems were over substance rather than procedure, but this does not mean the WTO can or should ignore valid criticisms. It must learn from Seattle so it can do better, and it is already doing so on the basis of submissions by Members.

Even before the outcome of this learning process, the Secretariat has been active in developing ways to increase the participation of smaller WTO Members, especially those without a resident mission in Geneva. One of Mr. Moore's first acts as DG was to organize a Geneva Week for these delegations. The next one is now being planned. A Secretariat staff member has been appointed as liaison with non-resident delegations, and staff are working closely with them to make it possible for them to increase their active presence in the WTO within their very limited means.

Progress on accessions

The other side of extending the scope and application of the open and liberal trading system enshrined in the WTO is through the accession of new Members. In fact, accessions remains a major political challenge before the WTO's member governments, and they are

committed to addressing it constructively and expeditiously. Attention is understandably focussed on China at the moment, but there are 30 other accession working parties covering candidates as diverse as the Russian Federeation and Samoa. Jordan will become the 136th Member in April 2000. These accession bids represent a significant vote of confidence in the system. Five accessions were completed in the run-up to Seattle and about nine accessions, including China and Chinese Taipei sufficiently advanced so that we can expect to conclude this year. In this respect there has been a significant success, but there is much more to be done. In particular it is important to keep the demands made on acceding countries realistic in terms of their capacity to fulfil commitments and promises. Technical assistance is also a vital element in facilitating accessions.

Democratic foundations of the WTO

The Director-General is also working to develop the WTO's links with parliamentarians in Member countries. One positive story from Seattle that passed largely unnoticed was the first ever meeting of parliamentarians from various WTO Members, convened on that occasion by Senator Roth, the Chairman of the US Senate Finance Committee. These links are important not only in securing support for the WTO's work, but also for demonstrating the truth that the WTO is firmly based in democratic legitimacy.

A positive agenda on globalization

The WTO has been portrayed by critics as the powerhouse of globalization, seen as a malign force or even as a conspiracy. In fact, of course, the term "globalization" covers a range of trends in economics, technology and international relations which may be mutually reinforcing but which have diverse origins.

Furthermore, this phenomenon is not new or specific to our era – periods of rapid erosion of barriers to economic activity and human contact are well-documented throughout history. If the present surge in global economic integration has a single trigger, it is probably advances in communications and computing technology. Ironically, one of the greatest boosts to the co-ordination of anti-globalization protest has been the use of Internet, globalization's most potent symbol.

Globalization is not a programme or an agenda. But the widespread public confusion and apprehension about it call for a positive agenda from governments and international institutions if they are to forestall a populist and protectionist backlash. This is where the WTO has its real relevance to globalization; not as its sinister architect but as a forum for negotiating rules to help guide it.

Towards a new Round

The WTO has entered the new century well and has embarked on the task of rebuilding confidence and momentum. But this has to be aimed at something, and the big question is: where does the trade agenda go next? Many Members remain positive about the launch of a new Round, and about the possibility of launching it in 2000. However, it is important to recognize that many of the issues that prevented agreement at Seattle are still unresolved, and we are not yet seeing the signs of flexibility in national positions that would justify predicting an early launch with confidence.

There is clearly much more work to be done in establishing the broad consensus we will need to base a Round on, not least concerning its coverage. Perhaps the most lasting lesson we have learned from last year is that there are no shortcuts in a project of this size and importance. The effort we are making now to advance the existing negotiations, to act in good faith on the problems of least-developed and developing countries, and to improve the way in which we conduct our business, is an essential investment which we must make whatever our hopes or expectations for the early launch of a new Round.

Chapter Two

WORLD TRADE DEVELOPMENTS

World trade developments

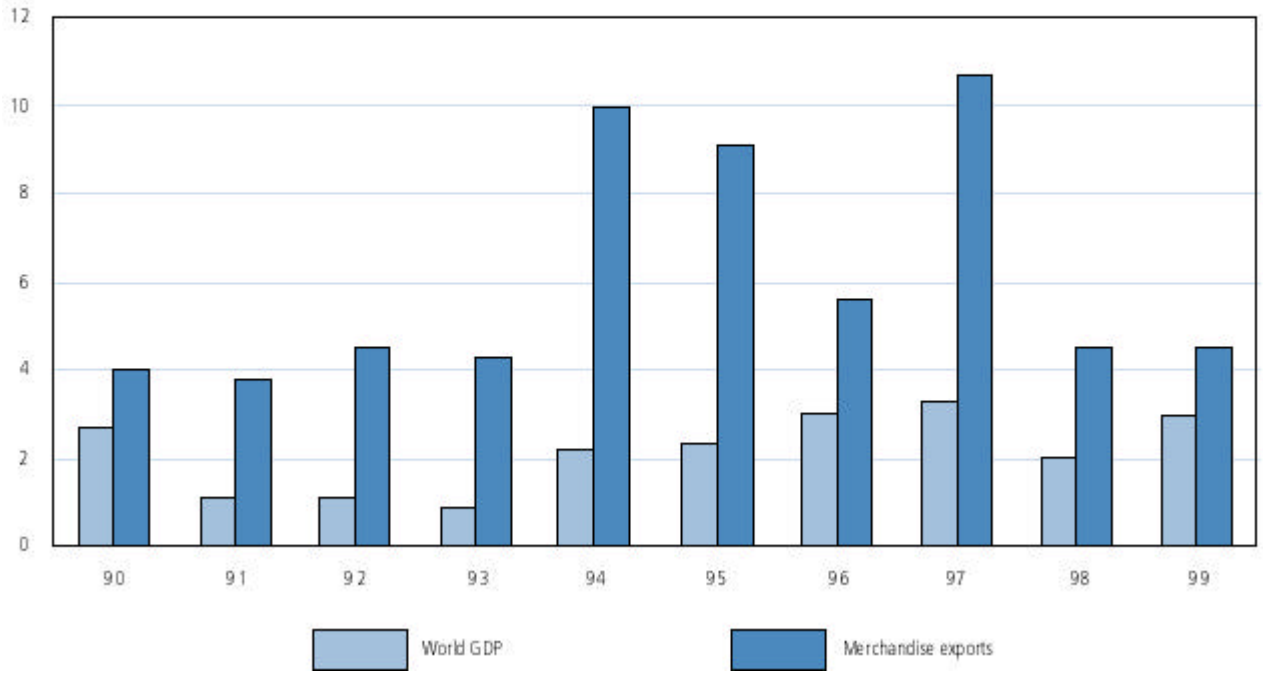
Main features

A strengthening of world economic output in 1999 reversed the slowdown of world trade in the first half of 1999 and led to a dynamic expansion of trade in the second half. For the year as a whole, the real growth of world trade remained unchanged from the preceding year and was below the average trade expansion recorded throughout the 1990s. Although trade growth continued to exceed both the growth in world commodity output and world GDP, the excess margin between the growth rates remained smaller in 1999 than those observed during the 1990–1997 period.

Chart II.1

Growth in the volume of world merchandise trade and GDP, 1990-99

(Annual percentage change)



Demand in the United States and the Asian recovery were the motors of the global trade expansion in 1999. The outstanding strength of United States investment and private consumption benefitted not only the NAFTA region, but also sustained the recovery in Asia and to a lesser extent output in Western Europe. A major factor behind the excellent performance of the United States economy and the unprecedented length of the current expansion has been the high level of investment in information technology, the backbone of the "new economy". Excitement about the growth potential of the new economy has attracted large capital inflows and contributed to an extraordinary boom in the creation and valuation of high-tech companies. While the high rate of investment has increased production capacity and stimulated productivity growth of the United States economy, the question arises for how long high output and demand growth can be sustained without leading to inflationary pressures. A further risk to the strong economic expansion in the United States could arise from the widening of the current account deficit, which points to the increasing role of foreign savings in sustaining United States demand growth. An erosion of investor confidence in the outlook for the United States economy could lead to lower capital inflows and trigger a correction in the dollar rate and the stock markets.

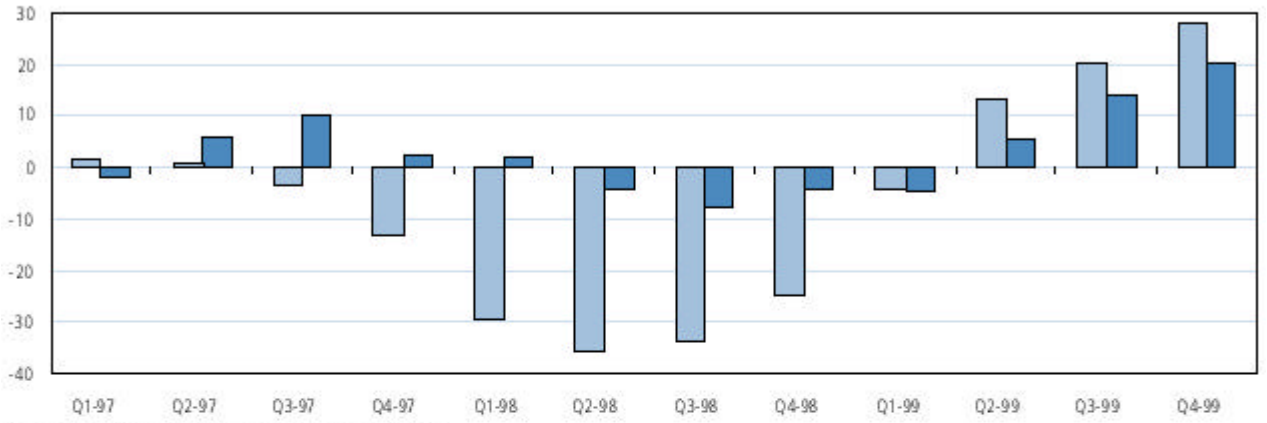
The recovery in Asia was stronger than expected and led to double-digit real import growth in 1999. GDP growth was uneven among the economies in the region, ranging from 11% in the case of the Republic of Korea to stagnation in the case of Indonesia. In many

Chart II.2

Trade contraction and recovery in Asian crisis countries, 1997-99

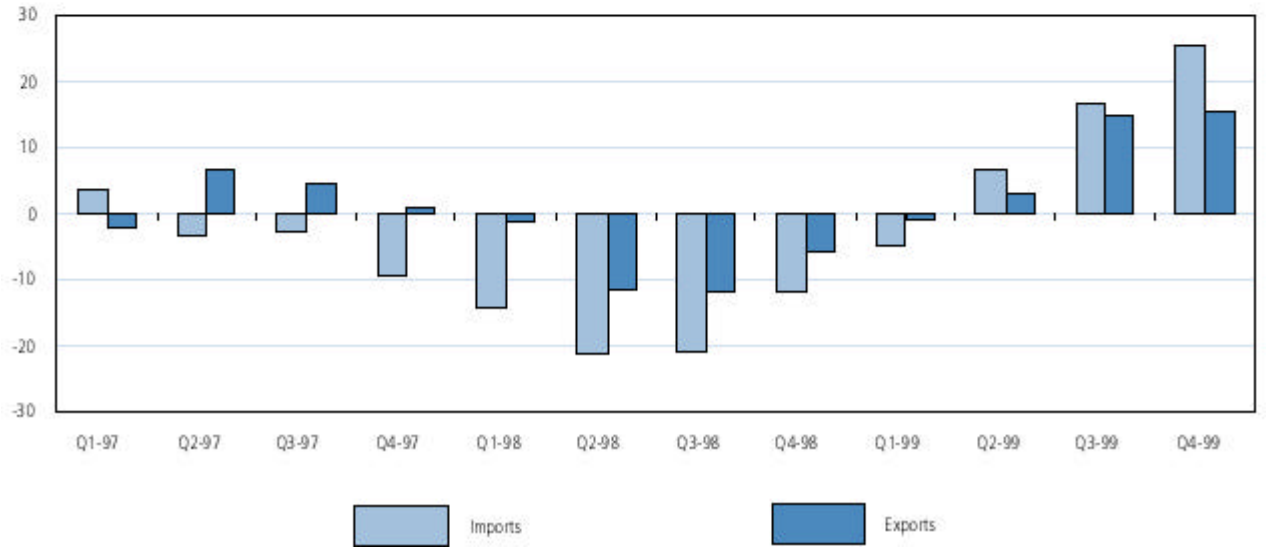
(Percentage change in dollar values over the previous year)

Merchandise imports and exports of the group of Asia (5) countries [a]



[a] Indonesia, the Rep. of Korea, Malaysia, Philippines and Thailand.

Merchandise imports and exports of Japan



countries economic growth was sustained by fiscal stimulus, replenishment of inventories and a rebound in the global demand for electronic goods.

The information technology sector and the automobile industry both recorded strong global output growth. Within the information technology sector, the unit sales of personal computers rose by 22% to 114 million units, and the dollar value of global sales of semi-conductors expanded by 18%, to a new record level of US$160 billion. One of the most dynamic branches of the global information technology industry in 1999 was mobile phones. It is estimated that worldwide sales of cellular mobile phones reached 283 million units, an increase of two thirds over 1998 sales.[1] New registrations of passenger cars are estimated to have expanded by 5.5%, lifting the production of passenger cars to a new all time high of 48.6 million units in 1999.[2] Although trade data by product group are still incomplete, there is no doubt that exports of automotive products and of office and telecom equipment have expanded significantly faster than the global average.

Developments in world financial markets continued to influence global trade developments through shifts in the direction of international capital flows and their impact on exchange rate changes. Global FDI flows have surged by about 25%, to some US$800 billion.[3] FDI inflows in Asia stagnated or rose only marginally, while the United States recorded net FDI inflows of US$130 billion.[4] The main factor behind the increase in global FDI flows was the exceptional wave of cross-border mergers and acquisitions.

[1] Gartner Group Dataquest, Press Releases, various issues.

[2] Financial Times, 29 February 2000.

[3] UNCTAD, Press Release, 8 February 2000.

[4] US Dep. of Commerce, BEA News Release, 15 March 2000.

While the United States attracted an unprecedented level of capital inflows, which financed its widening current account deficit, net private capital flows to the major emerging markets are estimated to have stagnated at US$150 billion in 1999.[5]

The increase in the United States current account deficit caused by increased imports can be seen as a positive cyclical element in the world economy as it allows output and employment to be sustained in foreign export industries facing excess capacity. At the same time, the deficit eases inflationary pressures in the United States where labour and productive capital are increasingly scarce. However, what is beneficial in a certain cyclical situation might be difficult to sustain in the medium term.

In particular, a large current account surplus of the developing countries vis-à-vis the United States (or any other high-income country) is hardly a desirable feature over a longer period. Why is this so when most governments seem to favour a current account surplus over a deficit? A current account surplus implies that net capital (=savings) from the developing countries flows to other countries where it supports investment and/or consumption. A more desirable situation for the developing countries is a current account deficit (and a rising trade volume), and a concurrent inflow of capital that is used to enlarge (profitable) production capacity. If the capital inflow is used primarily for consumption, increased debt and debt servicing costs are unlikely to be sustainable.

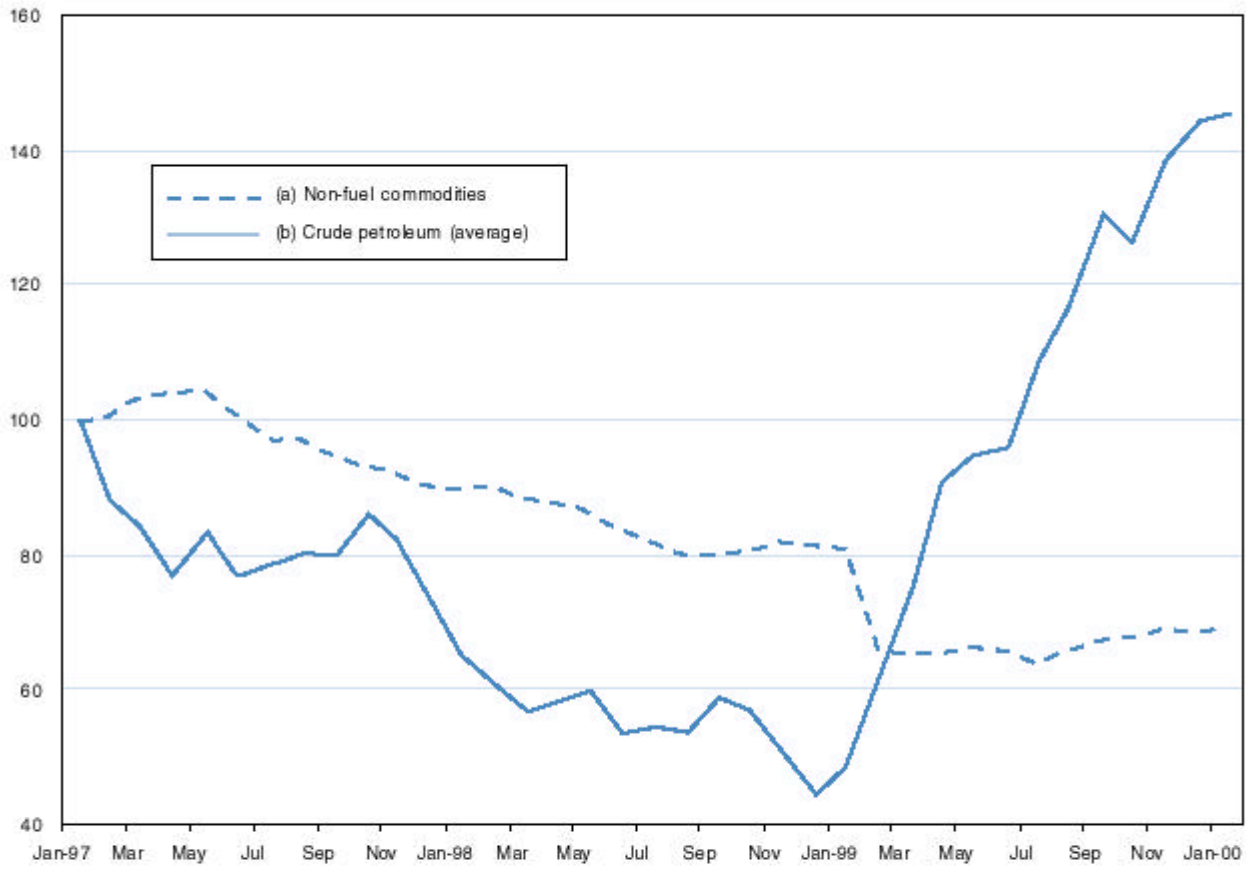
The present large net capital inflows into the United States reflect, on the one hand, that foreign investors expect investment returns to be higher in the United States than elsewhere, and on the other, that United States consumers are spending an historically high share of current income (encouraged by its increased financial wealth), while United States companies maintain a high level of capital spending. A reversal in foreign investors' appreciation of future earnings in the United States or a cutback in United States consumption or investment growth could rapidly change the size of the United States current account deficit, which in 1999 was equivalent to 3.7% of GDP – an historic record level.

[5] Institute of International Finance, Capital Flows to Emerging Market Economies, 24 January 2000.

Chart II.3

Recent commodity price developments, January 1997 - January 2000

(Indices, January 1997=100)



Source: IMF, International Financial Statistics.

Prices of internationally traded goods decreased slightly as the increase in oil prices was offset by a further decrease in the prices of non-fuel commodities and manufactured goods. Among the non-fuel commodities, prices of food and beverages decreased by more than 15% while those of agricultural materials and metals remained roughly unchanged, although they started to strengthen in the second half of 1999. Despite this partial price recovery, the annual average prices of non-fuel commodities fell to a ten-year low. The decrease in the dollar price of manufactured goods can be attributed to the fall in prices of office and telecom equipment as well as the strength of the United States dollar vis-à-vis the euro and the near absence of inflation in the goods sector of all major economies.

Given that oil prices tripled from US$10 per barrel in February 1999 to US$30 in the first quarter of 2000, concerns about a resurgence of consumer prices are understandable. However, the marked reduction in the oil intensity of output in the industrial countries – by about 40% since the first oil price hike more than 25 years ago – has reduced this risk considerably. The increased role of natural gas in world fuels trade has also contributed to moderate the increase in import prices of fuels.[6] While the impact of the rebounding oil prices have been small on consumer prices in 1999, the impact was dramatic on the export revenues of the oil exporters. The Middle East recorded export growth in excess of 20% in 1999, but this did not fully offset a corresponding decline in 1998.

World trade in 1999

I. Global trade and output developments

While the negative impact of the financial crisis in Asia and Latin America on output and trade flows were initially underestimated, the more sober projections for 1999 turned out to be too pessimistic. Output of developing countries in Asia rebounded by 6%, Russian GDP recovered by 3% and Brazil's economy achieved positive growth for the full year of 1999. The United States economy again provided a major stimulus to world trade last year as domestic demand grew by 5.5%. By contrast, the Japanese economy stagnated and Western Europe's GDP growth decelerated to 2%.

On a sectoral basis, preliminary data suggest that mining output decreased as crude oil production was cut back by 1.5% and agricultural output rose for the second year in a row by only about 1%. Manufacturing output recovered and expanded by about 2.5%. The highly divergent growth rates of regional demand and sectoral output left their mark on global trade flows, which also differed strongly by region and sector.

The value of world merchandise trade rose by 3.5% in 1999 and amounted to US$5.45 trillion. Average trade prices decreased for the third year in a row, although the decrease in 1999 was much smaller than in preceding years.

Trade in commercial services rose by 1.5% in 1999 and thereby less rapidly than merchandise trade. Price data for United States commercial services point to a moderate increase in prices for internationally traded services. This implies that the expansion of exports of commercial services has probably also lagged behind merchandise export growth in volume terms.

Table II.1

World exports of merchandise and commercial services, 1997-99

(Billion dollars and percentage)

	Value	Annual change		
	1999	1997	1998	1999
Merchandise	5460	3.5	-1.5	3.5
Commercial services	1340	4.0	0.0	1.5

II. Merchandise trade

A detailed review of world merchandise trade by product group in 1999 is not yet feasible at the time of writing this report. However, partial information indicates that rebounding oil prices have led to an increase of world fuels exports in excess of 20%. Above average growth was also recorded for office and telecom equipment and automotive products. Primary products, other than fuels, on average experienced price declines in 1999. Taking into account moderate demand growth, the global value of non-fuel primary products has probably stagnated or changed only very little from the preceding year.[7]

[6] Import prices of natural gas decreased in several countries in 1999 as these prices are often adjusted to the oil price with some delay.

[7] The value of United States agricultural exports decreased by 6% while corresponding imports increased by 5.5%.

Preliminary data on merchandise trade by region are provided in Tables II.2 and II.3. The large variations in **import volumes by region** largely reflect the differences in regional demand and output growth. As can be seen from Table II.2, North America and Asia recorded import growth slightly above 10% or two times faster than the global average. While for North America this was the third year in a row in which import growth exceeded 10%, the developments in Asia illustrate the strength of the region's recovery, which offset the sharp import contraction in the preceding year. While imports of Asia recovered, those of Western Europe recorded a marked deceleration. The transition economies as a group recorded a 10% contraction due to the sharp cut back of imports into Russia and the Ukraine. Imports of Africa and the Middle East changed little in real terms in 1999, also reflecting poor export earnings in recent years.

Table II.2

Growth in the volume of world merchandise trade by selected region, 1997-99

(Percentage change)

	Exports			Imports		
	1997	1998	1999	1997	1998	1999
World[a]	**10.5**	**4.5**	**4.5**	**...**	**...**	**...**
North America	11.0	3.5	4.5	13.0	10.5	10.5
Latin America	11.5	7.5	7.0	22.5	8.5	-2.0
Mexico	19.5	11.0	13.5	28.0	15.5	15.0
Other Latin America	6.5	5.5	2.0	20.0	4.5	-12.0
Western Europe	9.5	5.5	3.5	9.0	8.5	3.5
European Union (15)	9.5	6.0	3.5	8.5	8.5	4.0
Transition economies	10.5	5.0	-3.0	13.5	5.0	-10.0
Asia	13.0	3.5	6.0	5.5	-8.5	9.0
Japan	12.0	-1.5	2.0	1.5	-5.5	9.5
Asia(5)[b]	16.5	13.0	11.5	3.0	-22.5	17.5

[a] Average of export and import growth.

[b] Indonesia, the Republic of Korea, Malaysia, Philippines and Thailand.

Note: Separate volume data are not available for Africa and the Middle East. although estimates for these regions have been made in order to calculate a world total.

Table II.3

Growth in the value of world merchandise trade by region, 1997-99

(Billion dollars and percentage change)

	Exports (f.o.b.)				Imports (c.i.f.)			
	Value	Annual percentage change			Value	Annual percentage change		
	1999	1997	1998	1999	1999	1997	1998	1999
World	**5460**	**3.5**	**-1.6**	**3.5**	**5725**	**3.5**	**-0.8**	**4.0**
North America	934	9.2	-0.7	4.0	1281	10.3	4.4	11.5
Latin America	292	10.2	-1.2	6.0	329	18.5	4.8	-4.0
Mexico	137	15.0	6.4	16.5	148	22.6	13.9	13.5
Other Latin America	156	7.2	- 6.2	-2.0	181	16.4	-0.1	-14.5
Western Europe	2349	-0.6	3.4	-0.5	2417	-0.3	5.9	0.5
European Union (15)	2176	-0.5	3.8	-0.5	2233	-0.5	6.3	1.0
Extra-EU (15) trade	799	1.8	-0.3	-1.5	851	-0.3	6.2	2.5
Transition economies	212	4.1	-4.6	-1.5	211	6.5	-1.8	-13.0
Central/Eastern Europe	101	6.3	9.5	0.0	129	5.6	10.8	-2.0
Russian Federation	74	-0.4	-15.9	0.0	41	6.7	-19.8	-30.5
Africa	113	1.9	-15.5	8.0	132	5.5	1.2	0.5
South Africa[a]	27	6.2	-9.0	1.5	27	9.5	-9.3	-8.5
Major fuel exporters[b]	41	-0.1	-31.4	24.0	30	9.6	-0.8	5.5
Middle East	169	4.7	-22.4	22.0	152	8.1	-3.2	4.0
Asia	1390	5.4	-6.1	7.5	1201	0.4	-17.8	10.5
Japan	419	2.4	-7.8	8.0	311	-3.0	-17.2	11.0
China	195	21.0	0.6	6.0	166	2.5	-1.5	18.0
Asia (5)[c]	371	5.1	-3.5	9.5	292	-3.1	-30.9	15.5

[a] Beginning 1998, figures refer to South Africa and no longer to the Southern African Customs Union.

[b] Angola, Algeria, Congo, Gabon, Libyan Arab Yamahiriya and Nigeria.

[c] Indonesia, the Republic of Korea, Malaysia, Philippines and Thailand.

The variation among regional export growth rates in 1999 was smaller than for imports. Despite sharply lower intra-regional trade, Latin America recorded the highest export expansion of all regions. Asian export growth exceeded the global average as Japan's exports recovered and the five Asian developing countries affected most by the 1997/98 financial crisis achieved double-digit export growth. North America's exports accelerated somewhat thanks to the dynamic performance of intra-trade. The deceleration of West European economic activity in 1999 led to markedly lower growth of intra-trade. While intra-European Union exports expanded two times faster than world trade in 1998, its growth in 1999 fell below that of world trade. The transition economies and the Middle East both recorded a contraction of their export volume.

Turning to **developments in value terms**, the Middle East reports the highest regional export growth rate despite its reduction in export volume. Africa's export growth was, at 8%, the second highest among all regions. This was largely due to the sharp recovery of shipments from the region's oil-exporting countries. However, it should be recalled that for both Africa and the Middle East, the 1999 rise did not fully offset the decrease recorded in the preceding year. Latin America's exports rose by a strong 6%, as the higher growth of Mexico's and some Caribbean countries' exports more than offset the sharp declines reported for all South American countries. A recovery of intra-Asian trade supported by stronger regional growth and appreciating currencies led Asian exports to regain their pre-crisis peak level. North American exports expanded by 4% in 1999, following a small contraction in 1998. The marginal decline in Western Europe's export value was due to a deceleration in volume growth but above all, to a fall of nearly 4% in the region's dollar export prices. The weaker export prices are principally due to the depreciation of the Euro vis-à-vis the US dollar. The sluggishness of Western Europe's import growth, together with the sharp contraction of the Russian Federation's imports, contributed to a further decrease in the export value of transition economies in 1999.

III. Commercial services trade

The global export value of commercial services recovered in 1999 after stagnating in 1998. Preliminary data by major services categories indicate that all categories recorded positive growth. Transportation services are estimated to have expanded less than the average growth rate of 1.5% despite the increase in fuel costs. Travel services and the residual grouping of Other business services have both expanded by about 2 to 3%.

The commercial services trade data by region shown in Table II.4 indicate that the most dynamic export and import growth in 1999 was in North America and Asia. While North America's services import growth exceeded its export growth, thereby reducing its traditional surplus in commercial services, Asia's imports and exports expanded at about the same rate

Table II.4

Growth in the value of world trade in commercial services by selected region, 1997-99

(Billion dollars and percentage change)

	Exports				Imports			
	Value	Annual change			Value	Annual change		
	1999	1997	1998	1999	1999	1997	1998	1999
World	1340	4	0	2	1335	3	1	3
North America	284	8	2	5	219	10	6	9
United States	252	9	2	5	182	11	8	10
Latin America	54	7	9	-2	60	13	4	-9
Mexico	12	5	6	-3	14	19	7	9
Other Latin America	42	8	10	-2	47	12	4	-13
Western Europe	630	2	6	0	600	0	7	1
European Union (15)	565	1	5	1	555	0	7	2
Transition economies	47	0	2	-10	44	0	1	-8
Asia	267	5	-15	4	337	2	-11	5
Japan	60	3	-9	-3	114	-5	-9	3
Hong Kong, China	35	1	-10	3	22	5	-2	-2
China	27	19	-2	...	32	34	-4	...
Asia (5)[a]	62	7	-23	3	73	5	-25	5

[a] Indonesia, the Republic of Korea, Malaysia, Philippines and Thailand.

Note: Separate reliable data are not available for Africa and the Middle East, although estimates for these regions have been made to calculate a world total.

(4–5%). The rebound in Asian services trade is much weaker than for Asian merchandise trade, in particular for exports. In contrast to the developments in North America and Asia, Western Europe's services trade expanded less favourably in 1999 than in the preceding year. Available data for the transition economies point to a sharp contraction of both services exports and imports.

IV. Trade by region and country

The outstanding high investment and consumption growth in the United States resulted in an expansion of imports of goods and services of more than 10% in both nominal and real terms. Over the last two years United States import demand sustained world trade remarkably. Excluding shipments to the United States, the nominal value of world merchandise and services trade in 1999 would have still been below its 1997 level and the volume expansion of world merchandise trade would have been limited to 6% instead of 9%. The share of the United States in world merchandise imports rose to 18%, the highest US share ever. Strong domestic growth was also one reason why United States merchandise exports in real terms lagged behind global trade growth. All countries having strong trade ties with the United States benefitted from this development, and in particular Canada, which expanded its merchandise exports to the United States over the last two years by about 18%, or twice the rate of global trade growth.

Commercial services' imports of the United States rose by 10% and two times faster than exports. Canada's import growth of commercial services recovered to 5.5%, but remained for the fifth year in a row behind the expansion of its services exports. Although the expansion of United States commercial services' imports has exceeded that of exports since 1997, the United States surplus in services in 1999 still amounted to US$68 billion.

In 1999, **Latin America** recorded its worst annual economic performance for the last decade, as regional output stagnated and the volume of merchandise imports decreased by 2%. At least eight economies recorded lower output in 1999 than in the preceding year. As in 1998, there is a striking difference in output and trade growth between Mexico and all the other Latin American countries combined. While Mexico's merchandise exports and imports rose over the last two years by more than 20%, other Latin American countries combined reported a fall in exports of nearly 8% and in imports of nearly 15%.

A large part of the divergent performance can be attributed to differences in the export structure. Manufactured goods account for 85% of Mexico's exports, but only 40% for Latin America excluding Mexico. Manufactures enjoyed more stable prices than non-fuel commodities. In addition, Mexico's exports are destined largely to the booming North American market (nearly 90%) while the other Latin American countries ship less than 30% of their exports to North America. MERCOSUR experienced a contraction of its intra-trade by about one quarter, as output of its member countries declined or stagnated.

For commercial services imports, one can observe a similar divergency, as Mexico's imports rose by 15%, while those of the other Latin American countries contracted by nearly 10% over the last two years. Only for commercial services exports, Mexico reports a stronger decrease than the other Latin American countries in 1999. The somewhat surprising decline reported for Mexico's commercial services exports is attributed to a decrease in revenues from both travel and other business services.

The slowdown in **Western Europe**'s output growth to 2% in 1999 contributed to a markedly lower trade growth in volume terms. As more than two thirds of Western Europe's trade is intra-regional, weak consumption growth affected both exports and imports. As regards merchandise trade, it is estimated that exports and imports grew in volume terms by about 3.5% and thereby less than world trade. As the euro and other European currencies weakened vis-à-vis the US dollar, the region's dollar export and import prices decreased on average by about 4%, leading to a stagnation of their trade dollar values in 1999. Austria, France, and Sweden were among the West European countries which recorded only moderate import growth, while Norway and Turkey even experienced a contraction of their import volumes in 1999. Spain, Portugal and Ireland, however, continued to be the most dynamic traders in Western Europe, with imports and exports expanding much faster than the European average.

Although output in the **transition economies** recovered by about 2%, growth remained disappointingly low in the tenth year of transition. Poland is the only country in the region in which the output level in 1999 was above the level attained ten years ago. The sluggishness in Western Europe's economy together with a dramatic shrinkage of Russian imports depressed the region's trade in 1999. Merchandise and commercial services trade were both shrinking in dollar value and volume terms. Most of the decline was concentrated in the CIS member countries. Central and Eastern Europe's merchandise trade slowed down sharply but continued to show positive real growth in 1999. Hungary continued to record the highest trade growth among the Central/East European countries. In 1999, its merchandise exports and imports expanded by about 9% in dollar terms. A major contribution to this strong trade

performance was made by the expansion of intra-industry trade in office and telecom equipment and automotive products.

Africa and the Middle East recorded one of their weakest annual GDP growth performances in the 1990s. The rebound in their merchandise exports was largely due to the recovery in oil prices. Africa's merchandise exports rose by 8% in 1999. The major fuel exporters recorded an increase of about one quarter, which did not fully offset the decline recorded in 1998. South Africa and other non-fuel exporting African countries recorded an increase in their export earnings of less than 2%. African imports stagnated in dollar terms for the second year in a row, as sharp declines in South Africa's imports were offset by increases by African developing countries.

Economic growth patterns differed widely in **Asia** in 1999. While GDP growth in the two most populous countries in the region, China and India, was about 7%, the output in Japan, the largest economy in Asia, stagnated. Among the five Asian countries severely affected by financial crisis, the Republic of Korea recorded an outstanding recovery with double-digit growth, while Indonesian output stagnated. Asian developing countries as a group recorded an output expansion of 6%, at least two times faster than any other developing region.

One of the outstanding developments of Asian trade in 1999 was the double-digit trade volume growth of the five Asian countries most affected by financial crises in 1997-98. Their export expansion remained very strong (11.5%) and imports rebounded sharply without offsetting fully the contraction of the preceding year. The regional recovery and the cyclical recovery in the electronic goods industry contributed largely to this dynamic growth. For the Republic of Korea and Malaysia, exports of office and telecom equipment accounted for more than 80% of the overall increase of their export value in 1999.

Japan's merchandise trade recovery was strong, taking into account its stagnating economy. However, export and import values did not regain their pre-crisis peak levels. Japan's commercial services exports continued to shrink, while imports picked-up after a marked decrease in 1997–98. China's merchandise imports expanded by 18% while those of Hong Kong, China decreased for the second consecutive year. A notable feature in Asia's trade is the steady decline of the share of Hong Kong, China in Asia's merchandise trade. Hong Kong, China's domestic exports and retained imports had by 1999 fallen below their 1990 level. This decline has to be seen in the context of the relocation of Hong Kong, China's manufacturing industry to China, which in turn has greatly enhanced its share in world exports. In respect to commercial services, however, Hong Kong, China maintains its position as the leading developing country exporter. For the Asian region, exports of commercial services decreased more strongly in 1998 and recovered by far less in 1999 than did merchandise exports. For imports of commercial services, the recovery in 1999 was also far smaller than for merchandise trade.

Looking at **trade performance by country**, the following features emerge for 1999 trade developments (see Appendix Tables). First, the United States consolidated its leading position in world merchandise imports and world commercial services exports. Its share in world merchandise imports reached, at 18%, its highest level ever. Second, oil-exporting countries recorded in general the highest export growth in 1999 (at least 16 of them recorded export increases ranging from 15% to 50%). For most of them the increase in 1999 did not fully offset the declines recorded in the preceding year. Third, exporters of office and telecom equipment benefitted from the recovery in the global electronic goods industry. The double-digit export growth of the Republic of Korea, Malaysia, the Philippines, Costa Rica and Israel was largely due to office and telecom equipment exports. Fourth, a large number (at least 24) of South American and transition economies recorded double-digit decreases in their imports and often also a fall in their export values. The main causes of these bleak developments include the steep fall of intra-regional trade and the low prices of non-fuel commodities. Fifth, the four largest traders in Western Europe (France, Germany, Italy and the United Kingdom) all recorded a small decline in their merchandise export values and minimal changes in their imports.

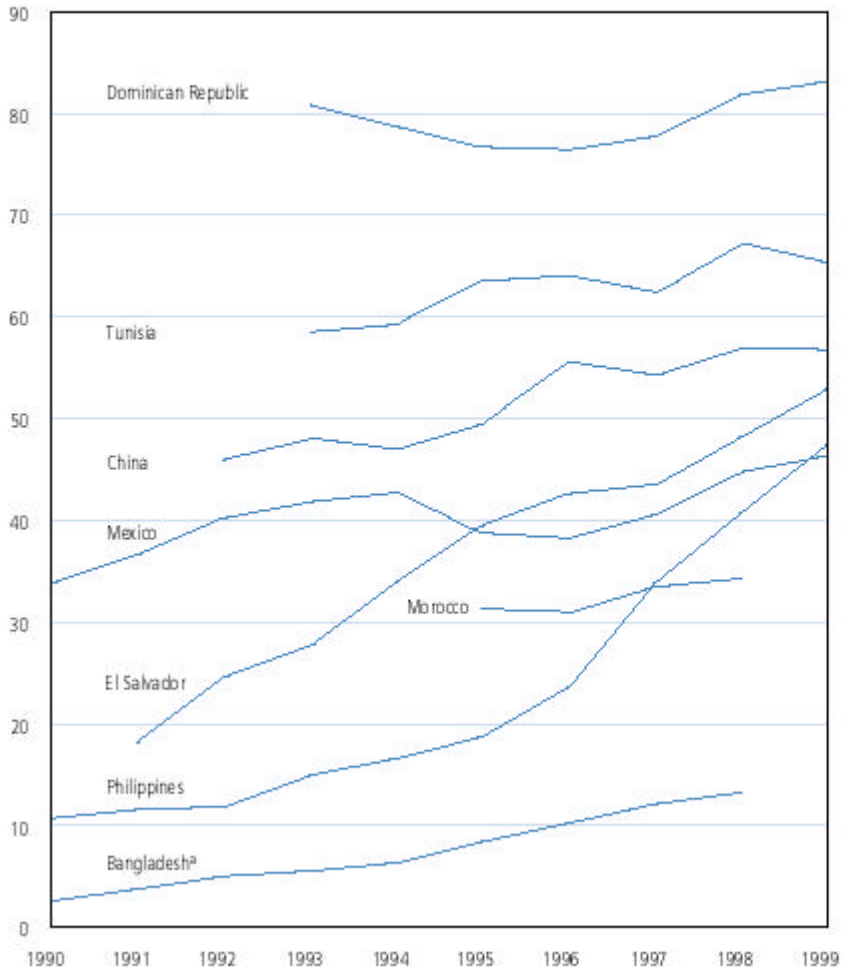
V. Processing trade contributes to exceptional trade expansion in selected developing countries

Over the last 15 years, the outstanding high trade growth recorded by a selected number of developing countries can be partly attributed to the expansion of their "processing trade". Beside multilateral and regional trade liberalization, an increasing number of countries have modified their import regime by granting, under certain conditions, duty-free access to those imports which are bound for the processing and assembling of goods destined for exports. This preferential tariff treatment was initially limited to trade which went through specific areas (e.g. the Special Economic Zones in China or the maquiladoras zones in Mexico) but often extended thereafter to companies located outside these specifically designated areas.

Chart II.4

Share of processing trade in total merchandise exports of selected countries, 1990-99

(Percentage)



[a] Refers to fiscal years. Includes only shipments from two export processing zones.
Source : National statistics.

While the number of export processing zones has risen to about 850, their success in expanding employment and trade is mixed.[8] In several countries employment in these zones rose sharply and trade was growing rapidly while in many other countries the creation of special zones granting tariff preferences to processing trade had a negligible impact on both trade and employment. In the 1990's the most dynamic processing traders among the developing countries are to be found in Asia and Latin America.

A comprehensive appreciation of the contribution of "processing trade" to the expansion of developing countries' merchandise exports and imports is not attempted here, as the data on processing trade are not as readily available as standard trade statistics. However, the examples given below show that the "processing trade" has gained in importance and often played a crucial part in these countries' overall trade performance. All the eight countries presented in Chart II.4 have recorded an expansion of exports well ahead of the global average in the last decade. Five of them recorded average annual export growth rates around 15%, which is about three times faster than the global trade expansion of 5.5%.

Preferential tariff treatment to "processing trade" is not only a feature of trade regimes in the developing countries. Industrial countries too are often providing duty exemption or reduction on imported goods if these products have been manufactured abroad with materials/components from the importing country. While the value of these imports can be relatively important in bilateral trade flows, their share in total imports is at present rather moderate. For the United States and the European Union the share of imports benefitting from this specific duty exemption amounted to 8% in the US and to 2% in the EU (excluding intra-trade) in 1998.[9] In the United States the share of processing trade in total imports declined markedly as trade with Mexico and Canada became increasingly tariff free with the implementation of NAFTA.

[8] International Labour Organization, "Labour and social issues relating to export processing zones", Geneva 1998.

[9] United States International Trade Commission, "Production sharing: Use of United States components and materials in foreign assembly operations. (US imports under production sharing provisions of Harmonized Tariff Schedule Heading 9802)", December 1999 and EUROSTAT, Intra and Extra-EU trade, supplement 12, 1999 (CD-ROM).

Table II.5

Processing trade and export performance of selected countries, 1990-99

(Billion dollars and percentage)

Country	Total export growth 1990-1999 (%)	Share of processing trade 1998 (%)	Value of processing exports 1998 (billion $)
Dominican Republic[a]	n.a.	82.2	4.1
Tunisia	5.9	67.4	4.0
China	13.5	56.9	104.6
El Salvador[b]	16.8	48.6	1.2
Philippines	16.5	40.9	12.1
Mexico	14.4	45.2	53.1
Morocco	6.4	34.7	2.6
Bangladesh[c]	15.2	13.4	0.7
Memorandum item:			
World total	5.4	...	...

[a] Between 1993 and 1998 exports grew by 9.2% and world exports by 7.7% annually.

[b] Refers to years 1991-1999.

[c] Refers to fiscal years.

Source: National Statistics.

VI. Outlook

Global economic output is expected to accelerate from 3% in 1999 to about 3.5% in 2000. The volume of world merchandise trade growth should reach 6.5%. Higher trade growth is possible, in particular, if the demand in Western Europe and Japan pick up more strongly than currently projected.

In 2000, GDP growth of industrial countries could expand by 3% or $^1/_2$% faster than in 1999 as moderately lower growth in the United States is more than offset by higher growth in Western Europe and Japan. Latin America and the Middle East should see a strong pick-up in their GDP growth after experiencing a stagnation of output in 1999. Higher growth is also projected for the transition and African economies. GDP growth of the Asian developing countries is projected to remain unchanged as the impact of the expansionary fiscal policies and the rebuilding of inventories will be less important in 2000 than in 1999, but offset by a strengthening of fixed investment and private consumption.

More robust growth of the world economy in 2000, together with the carry-over effect due to the trade acceleration in the second half of 1999 is projected to lead to export volume growth of at least 6.5%. Most of this higher growth is expected to come from Western Europe and to a lesser extent from Latin America, the Middle East and the transition economies. North America and the developing countries in Asia, which recorded double-digit import growth in 1999, are likely to expand their imports less rapidly in 2000, and the projected deceleration of North America's final demand should lead to less dynamic import growth in 2000.

The projections above assume that the oil price will recede from its US$30 per barrel level in the first quarter back to a range of US$20 to US$25 and that major financial market turbulence – in particular a sudden sharp correction of stock markets and the dollar rate – can be avoided in the remaining months of the year. A sharp correction of the stock markets, together with a marked slowing down of United States demand and imports, could alter the trade forecast significantly. Note, for example, that at nearly US$350 billion, the United States merchandise trade deficit in 1999 exceeded the total imports of Japan. A disruptive adjustment of the current external imbalances would imply a major risk to trade growth in the near future.

Appendix Table 1

Leading exporters and importers in world merchandise trade, 1999

(Billion dollars and percentage)

Exporters	Value	Share	Annual percentage change		Importers	Value	Share	Annual percentage change	
			1998	1999				1998	1999
United States	695.0	12.4	-1	2	United States	1059.9	18.0	5	12
Germany	540.5	9.6	6	0	Germany	472.6	8.0	6	0
Japan	419.4	7.5	-8	8	United Kingdom	320.7	5.5	2	2
France	299.0	5.3	5	-2	Japan	310.7	5.3	-17	11
United Kingdom	268.4	4.8	-3	-2	France	286.1	4.9	7	-1
Canada	238.4	4.2	0	11	Canada	220.2	3.7	3	7
Italy	230.8	4.1	1	-5	Italy	216.0	3.7	3	0
Netherlands	204.1	3.6	4	2	Netherlands	188.9	3.2	5	1
China	194.9	3.5	1	6	Hong Kong, China	181.7	3.1	-12	-3
Belgium-Luxembourg	184.1	3.3	6	3	retained imports[a]	29.2	0.5	-30	-20
					Belgium-Luxembourg	169.4	2.9	7	2
Hong Kong, China	174.8	3.1	-7	0	China	165.7	2.8	-1	18
domestic exports	22.2	0.4	-10	-10	Mexico	148.2	2.5	14	13
Korea, Rep. of	144.2	2.6	-3	9	Spain	145.0	2.5	8	9
Mexico	136.7	2.4	6	16	Korea, Rep. of	119.7	2.0	-35	28
Taipei, Chinese	121.6	2.2	-9	10	Taipei, Chinese	111.0	1.9	-8	6
Singapore	114.6	2.0	-12	4	Singapore	111.0	1.9	-23	9
domestic exports	68.6	1.2	-13	8	retained imports[a]	65.0	1.1	-31	18
Spain	109.4	2.0	5	0	Switzerland	80.1	1.4	5	0
Malaysia	84.5	1.5	-7	15	Australia	69.0	1.2	-2	7
Sweden	84.5	1.5	2	0	Sweden	68.2	1.2	4	0
Switzerland	80.6	1.4	4	2	Austria	67.8	1.2	5	0
Russian Fed.[b]	74.3	1.3	-16	0					
Ireland	69.6	1.2	20	8	Malaysia	65.5	1.1	-26	12
Austria	62.0	1.1	7	-1	Brazil	51.8	0.9	-7	-15
Thailand	58.4	1.0	-5	7	Thailand	50.6	0.9	-32	18
Australia	56.1	1.0	-11	0	Ireland	45.6	0.8	14	2
Saudi Arabia	50.5	0.9	-35	27	Poland	44.8	0.8	11	-5
Indonesia	48.5	0.9	-9	-1	India	44.6	0.8	3	4
Brazil	48.0	0.9	-4	-6	Denmark	43.3	0.7	4	-6
Denmark	47.8	0.9	-1	-1	Russian Fed.[b]	41.1	0.7	-20	-30
Norway	44.9	0.8	-18	13	Turkey	39.2	0.7	-5	-15
Finland	41.5	0.7	6	-4	Portugal	37.6	0.6	5	2
Total of above[c]	4927.0	87.8	-	-	Total of above[c]	4976.0	84.7	-	-
World[c]	**5610.0**	**100.0**	**-2**	**3**	**World[c]**	**5875.0**	**100.0**	**-1**	**4**

[a] Retained imports are defined as imports less re-exports.

[b] Includes trade with the Baltic States and the CIS.

[c] Includes significant re-exports or imports for re-export.

Appendix Table 2

Leading exporters and importers in world merchandise trade (excluding intra-EU trade), 1999

(Billion dollars and percentage)

Exporters	Value	Share	Annual percentage change 1998	Annual percentage change 1999	Importers	Value	Share	Annual percentage change 1998	Annual percentage change 1999
European Union(15)	798.6	18.9	0	-1	United States	1059.9	23.6	5	12
United States	695.0	16.4	-1	2	European Union (15)	851.2	18.9	6	3
Japan	419.4	9.9	-8	8	Japan	310.7	6.9	-17	11
Canada	238.4	5.6	0	11	Canada	220.2	4.9	3	7
China	194.9	4.6	1	6	Hong Kong, China	181.7	4.0	-12	-3
Hong Kong, China	174.8	4.1	-7	0	retained imports[a]	29.2	0.6	-30	-20
domestic exports	22.2	0.5	-10	-10	China	165.7	3.7	-1	18
Korea, Rep. of	144.2	3.4	-3	9	Mexico	148.2	3.3	14	13
Mexico	136.7	3.2	6	16	Korea, Rep. of	119.7	2.7	-35	28
Taipei, Chinese	121.6	2.9	-9	10	Taipei, Chinese	111.0	2.5	-8	6
Singapore	114.6	2.7	-12	4	Singapore	111.0	2.5	-23	9
domestic exports	68.6	1.6	-13	8	retained imports[a]	65.0	1.4	-31	18
Malaysia	84.5	2.0	-7	15	Switzerland	80.1	1.8	5	0
Switzerland	80.6	1.9	4	2	Australia	69.0	1.5	-2	7
Russian Fed.[b]	74.3	1.8	-16	0	Malaysia	65.5	1.5	-35	12
Thailand	58.4	1.4	-5	7	Brazil	51.8	1.2	-7	-15
Australia	56.1	1.3	-11	0	Thailand	50.6	1.1	-32	18
Saudi Arabia	50.5	1.2	-35	27	Poland	44.8	1.0	11	-5
Indonesia	48.5	1.1	-9	-1	India	44.6	1.0	3	4
Brazil	48.0	1.1	-4	-6	Russian Fed.[b]	41.1	0.9	-20	-30
Norway	44.9	1.1	-18	13	Turkey	39.2	0.9	-5	-15
India	36.5	0.9	-4	9	Norway	33.8	0.8	1	-7
Philippines	35.0	0.8	18	19	Israel	33.2	0.7	-5	13
United Arab Emirates	29.5	0.7	-13	15	Philippines	32.6	0.7	-18	4
Czech Rep.	26.8	0.6	16	2	Saudi Arabia	30.0	0.7	4	0
Poland	26.8	0.6	10	-5	United Arab Emirates	28.9	0.6	-9	6
South Africa[c]	26.7	0.6	-9	1	Czech Rep.[d]	28.9	0.6	6	0
Turkey	26.2	0.6	3	-3	Hungary	27.7	0.6	21	8
Israel	25.3	0.6	2	10	South Africa[c]	26.8	0.6	-9	-8
Hungary	24.6	0.6	20	7	Argentina	25.5	0.6	3	-19
Argentina	23.3	0.6	0	-12	Indonesia	23.9	0.5	-34	-13
Venezuela	18.9	0.4	-21	10	Egypt	16.2	0.4	22	0
Total of above[e]	3884.0	91.8	–	–	Total of above[e]	4073.0	90.7	–	–
World (excl. intra-EU trade)[e]	**4232.0**	**100.0**	**-4**	**4**	**World (excl. intra-EU trade)[e]**	**4494.0**	**100.0**	**-3**	**5**

[a] Retained imports are defined as imports less re-exports.

[b] Includes trade with the Baltic States and the CIS.

[c] Beginning 1998. figures refer to South Africa only and no longer to the Southern African Customs Union.

[d] Imports are valued f.o.b.

[e] Includes significant re-exports or imports for re-export.

Appendix Table 3

Leading exporters and importers in world trade in commercial services, 1999

(Billion dollars and percentage)

Exporters	Value	Share	Annual percentage change		Importers	Value	Share	Annual percentage change	
			1998	1999				1998	1999
United States	251.7	18.8	2	5	United States	182.3	13.7	8	10
United Kingdom	101.4	7.6	7	2	Germany	127.2	9.5	3	2
France	79.3	5.9	5	-6	Japan	113.9	8.5	-9	3
Germany	76.8	5.7	3	-3	United Kingdom	81.4	6.1	11	4
Italy	64.5	4.8	0	-3	Italy	62.7	4.7	7	0
Japan	59.8	4.5	-9	-3	France	59.2	4.4	5	-9
Spain	54.1	4.0	12	11	Netherlands	46.5	3.5	4	0
Netherlands	53.1	4.0	3	3	Canada	37.1	2.8	-4	5
Belgium-Luxembourg	37.6	2.8	6	4	Belgium-Luxembourg	35.5	2.6	8	4
Hong Kong, China	35.4	2.6	-10	3	China	32.1	2.4	-4	...
Austria	32.6	2.4	9	3	Spain	30.9	2.3	13	12
Canada	32.4	2.4	2	7	Austria	29.5	2.2	6	-2
Switzerland	27.2	2.0	5	5	Korea, Rep. of	26.7	2.0	-19	14
China	26.6	2.0	-2	à	Ireland	23.5	1.8	32	18
Korea, Rep. of	25.0	1.9	-6	5	Taipei, Chinese	23.2	1.7	-4	0
Singapore	22.9	1.7	-40	25	Sweden	22.8	1.7	11	5
Sweden	18.0	1.3	1	2	Hong Kong, China	22.4	1.7	-2	-2
Australia	17.2	1.3	-13	9	Singapore	19.3	1.4	-7	8
Denmark	16.0	1.2	6	8	Australia	18.0	1.3	-8	6
Turkey	16.0	1.2	21	-31	India	17.3	1.3	16	22
Taipei, Chinese	14.8	1.1	-2	-11	Denmark	16.2	1.2	13	5
Thailand	14.1	1.1	-16	8	Switzerland	15.7	1.2	8	3
Norway	13.7	1.0	-3	-2	Norway	15.4	1.2	4	2
India	13.2	1.0	24	19	Thailand	13.9	1.0	-31	17
Mexico	11.6	0.9	6	-3	Mexico	13.7	1.0	7	9
Malaysia	10.8	0.8	-24	à	Malaysia	13.0	1.0	-24	...
Greece	10.5	0.8	6	à	Indonesia	12.7	0.9	-28	8
Israel	10.3	0.8	8	14	Russian Fed.	11.7	0.9	-14	-27
Poland	9.8	0.7	21	-10	Brazil	11.6	0.9	9	-26
Russian Fed.	9.7	0.7	-9	-25	Israel	10.7	0.8	5	12
Total of above	1165.0	87.1	–	–	Total of above	1145.0	85.9	–	–
World	**1340.0**	**100.0**	**0.0**	**1.5**	**World**	**1335.0**	**100.0**	**0.5**	**2.5**

Chapter Three

World policy developments in 1999

Trade policy developments in 1999

Notwithstanding the outcome of the WTO's Third Ministerial Conference in Seattle, the state of the world trading environment remained generally sound in 1999. There have been no major trade policy reversals during the year, and there is no evidence of a resort to protectionist policies. On the contrary, a number of countries have undertaken concrete measures to further liberalize their economic and trade regimes. Autonomous and regional initiatives during the year have provided additional impetus to trade liberalization and further integration of the world economy. At the multilateral level, much of the effort focused on preparations for the Third Ministerial Conference, including the possible launching of a new round of multilateral trade negotiations. Although the latter did not materialize, much progress was achieved in narrowing the gaps in some major areas. At the same time, the WTO has proceeded with its core agenda of trade liberalization.

Trade policy developments in 1999 confirmed the resilience of the multilateral trading system. Some two and a half years ago the "Asian financial crisis" erupted in Thailand, spreading rapidly to other countries in the region, affecting general investor sentiment in those and other developing countries and transition economies, notably Russia in mid–1998 and later Brazil. Output and employment contracted sharply in the most directly-affected countries, in turn adversely affecting trade by their partners and, together with steep commodity-price declines, trade by many other developing countries. In the past, such events could have been invoked as a justification for raising import barriers, in an attempt to contain the domestic consequences and shift the burden onto trading partners, possibly provoking countermeasures, and thereby exacerbating the economic downturn. However, this very serious crisis unfolded in the strengthened multilateral trading system. The system, and the good sense of governments, helped keep markets open, facilitating adjustment and providing a critical element for recovery from the crisis.

The countries most directly affected by the crisis – Thailand, the Republic of Korea, Indonesia, Malaysia, and the Philippines – undertook macroeconomic stabilization and structural reform, including the unilateral liberalization of their trade and foreign investment regimes. Several of them have also started to reform their financial systems by introducing a stronger regulatory regime, and increasing transparency in financial accounts. This process has been supported by their participation in the WTO Agreement on financial services. At the same time, the trading partners of these countries have provided an external environment conducive to adjustment. Among the largest traders, growth in the United States played a pivotal role. The US economy sustained its strong rate of growth for the ninth consecutive year in the face of domestic constraints on its productive capacity; imports provided a safety valve to satisfy domestic demand, helping to dampen inflationary pressures that might otherwise have emerged and thus contributing to low market interest rates.

The adverse shift in capital-market sentiment contributed to a sharp reduction in investors' desired exposure to emerging markets, with the result that net private capital flows into these countries fell. To correct their macroeconomic imbalances, the countries directly affected by the crisis undertook disciplined fiscal and monetary policies. In addition, a number of them undertook structural reforms, which included tackling outstanding impediments to trade. Thus, while the severe economic downturn and consequent loss of jobs and related social problems might have led to protectionist pressures in these countries, information collected by the WTO Secretariat for Trade Policy Reviews suggests instead that the liberalization of trade, investment, and payments regimes has, by and large, progressed.

One of the factors contributing to investors' loss of confidence in Asian and other emerging market economies was the perceived weakness of their financial systems. This weakness, partly due to a lack of experience within the financial institutions themselves, but also due to inadequate regulation and supervision by the authorities, could be partly attributed to constraints on competition in the financial services sector. Of note, therefore, is the countries' participation in market-opening measures for financial services implemented under the WTO Agreement on financial services;[1] far-reaching commitments to open the sector to new domestic and foreign service providers have been made by some countries. Commitments made by 59 countries reflect the recognition that liberalization of financial service sectors will help to avoid some of the practices that contributed to the financial crisis and thereby facilitate a more efficient allocation of capital.

By firmly rejecting protectionism, the countries most affected by the Asian crisis, together with their trading partners, placed a high degree of confidence in the multilateral trading system. A striking feature of the present situation is the absence of recourse to new "legal" measures of protection in the countries affected by the crisis. Although most countries directly affected have significant leeway to raise applied tariffs without breaching their

[1]The WTO Agreement on financial services entered into force on 1 March 1999, as the Fifth Protocol to the GATS.

bindings, by and large, they have not done so. Nor is there evidence of unusual levels of activity involving most measures to safeguard domestic industry, the balance of payments, transitional safeguard measures for textiles and clothing, or countervailing; however, led by several recent high-profile cases involving steel, there does appear to be some increase in the initiation of anti-dumping actions.

The overall level of anti-dumping activity has risen slightly since the low point recorded in 1995. The latest available information, up to June 1999, based on Members' notifications, indicates an increase in anti-dumping investigations. There were 523 initiations of anti-dumping investigations in 1998, 15% more than in the previous year, although the number of final measures declined sharply (146 in 1998 compared with 203 in 1997). During the period 1January to 30 June 1999, there were 275 requests for initiation of anti-dumping investigations. The main users of anti-dumping actions remain the United States, the European Union, Canada, and South Africa.

The Dispute Settlement Body (DSB) continues to play an increasingly important role in managing the settlement of disputes within the WTO. The large number of cases brought to the WTO during these years reflects the fact that Members show confidence in the strengthened dispute settlement mechanism. During 1999, 30 new requests for consultations were received by the DSB, bringing the total up to 185 requests since the WTO's establishment.[2] The proper functioning of the DSB has clearly contributed to the strengthening and consolidation of the WTO and the multilateral trading system. The role of the WTO in solving trade disputes between Members has also been strengthened by the rulings of the Appellate Body; in 1999, nine cases were dealt with, bringing the total to 26 cases since the establishment of this Body.

There has been no major delay in the implementation of trade liberalization commitments agreed in the context of the Uruguay Round. WTO Members are phasing in, on schedule, reductions in tariffs on products, in export subsidies, and in other measures of assistance to agricultural products. The integration of textiles and clothing into the WTO is proceeding as scheduled, though the expected liberalization effects are not satisfactory to all Members; the first and second phases of integration took place in 1995 and 1998, the third phase is set for 2002, and full integration is to be achieved by 1January 2005. In addition to their Uruguay Round obligations, 45WTO Members (and one other participant) are implementing the commitment to eliminate tariffs on information technology products under the WTO Declaration on Information Technology Products (ITA). Many WTO Members made market-opening commitments on telecommunication services, opening the bulk of the world telecommunications market.[3] The national monopolies that have dominated the industry in almost all countries are now facing increased competition and in many countries public companies are being privatized. Many Members have also made commitments on financial services.

The full application of the TRIPS Agreement was delayed for many WTO Members until 2000, under the transitional arrangements that apply to developing country and transition economy Members; least-developed countries may defer full application until 2006. A number of the concerned Members chose to notify their trading partners of their existing framework, in preparation for the needed changes to domestic legislation, administration and enforcement. Also, in the area of customs valuation one set of transitional arrangements was to end on 31 December 1999 for many developing countries. Consequently, the WTO Secretariat has received a very large number of requests for technical assistance on these and other implementation issues in the past year. The deadline for the full application of commitments in these areas is to be discussed in 2000.

The Third Ministerial Conference of the WTO was held in Seattle from 30 November to 3 December 1999. The meeting was anticipated to establish the future work programme of multilateral trade negotiations, but this objective was not achieved. However, the debates that took place in preparation of the Conference and during the meeting itself helped to identify a number of issues for discussion and narrowed down many of the differences among WTO Members.

It is widely recognized that the multilateral trading system must adapt to new challenges in order to continue to fully play its positive role in economic growth and in the further integration of the world economy. Despite the setback in Seattle, the objectives remain unchanged: to continue to negotiate the progressive liberalization of international trade; to put trade to work more effectively for economic development and poverty alleviation; to confirm the central role that the rules-based trading system plays for Member governments in managing their economic affairs cooperatively; and to organize the WTO on lines that take fully into account the needs of all Members.

During 1999, WTO Members have undertaken evaluations of the operation of the Trade Policy Review Mechanism (TPRM) and of the Dispute Settlement Understanding, pursuant to the appraisal and review provisions in the respective Uruguay Round agreements. Although largely technical in nature, such evaluations are essential to ensure that the institutional

[2] See "Overview of the State-of-play of WTO Disputes" updated periodically, available at http://www.wto.org/dispute/bulletin.htm.

[3] The WTO Agreement on telecommunications services entered into force on 5 February 1998, as the Fourth Protocol to the GATS.

mechanisms of the WTO function as desired by the Members. On Trade Policy Reviews, Members have stated that the TPRM is functioning effectively and that its objectives remain important; efforts to improve the efficiency in the use of resources allocated to the TPRM should continue, given the importance of reviewing all Members, including least-developed countries (LDCs), at least once, as soon as possible. On dispute settlement, the Uruguay Round negotiations produced a new system without precedent in international economic relations, and in which all potential issues and concerns, as well as the manner in which they should be resolved, could not have been foreseen by the drafters. The review has devoted considerable effort to improving the implementation of final rulings; the issue has been given particular visibility in the past year owing to certain recent high-profile disputes involving some WTO Members.

At the end of 1999, the WTO had 135 Members which accounted for more than 90% of world trade in goods and services. Seven new Members joined the WTO since 1995: Bulgaria, Ecuador, Estonia, Kyrgyz Republic, Latvia, Mongolia, and Panama; in addition, Georgia and Jordan have accepted, subject to ratification, their Protocol of Accession to the WTO. Most of these new members, as well as many of the 30 applicant countries still completing their accession process, are in transition from a centrally-planned to a market economy and recognize the unique contribution of the WTO to the internal reform process. Among these countries, there is a belief that global trade and investment can aid economic development by providing new products, technologies and management skills. Membership in the WTO is seen as essential in this respect. Each of the WTO's new Members has undertaken to apply the WTO rules and to liberalize trade. A typical feature is a comprehensive coverage of tariff bindings (100% of lines in most cases) together with market-opening in a broad range of services, including value-added and basic telecommunication services, and financial services.

A number of countries requesting WTO membership have accelerated their accession process, and are already reaping some of the economic benefits of the process. The first "fact-finding" phase of the accession procedure requires the applicant to collect and submit detailed information on its trade and economic regime, thereby improving their transparency. Most applicants are engaged throughout the accession process in a continuous improvement of their trade and economic policies, and some countries have taken steps to liberalize their trade and economic regimes.

The process of assessment and action is continuous within the WTO. One illustration is the priority being given by WTO Members to the full integration of LDCs into the world trading system. There is also a growing consensus among the least-developed countries that, irrespective of the underlying causes of each one's difficulties in achieving growth on the basis of outward-oriented policies, two basic dimensions must be addressed by LDCs and their trading partners. One is the removal of barriers to market access for LDC products, a major condition for the trade growth and consequent development of LDCs. Tariff and non-tariff barriers are still, in several cases, a limiting factor for further export expansion; WTO Members therefore have an important role to play in this regard. However, the capacity of LDCs to effectively use the market-access opportunities available to them is also strongly affected by, and linked to, domestic supply-side and policy constraints. LDCs therefore recognize the importance of their own efforts to establish a supportive domestic environment. The role of the WTO Secretariat and other concerned institutions is to support policy makers in LDCs, bring them into closer touch with the opportunities available for an outward-oriented growth strategy, and enhance their participation in the multilateral trading system. Following the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development, held in October 1997, this role was given substance in the Integrated Framework linking the WTO with UNCTAD, ITC, IMF, the World Bank, and UNDP.

Another illustration is the activity on transparency and scope for dialogue with representatives of civil society. Transparency with respect to WTO documents has been improved by accelerating the de-restriction process as well as by making all de-restricted documents available on the WTO website. Arrangements were also made for NGOs' presence at plenary sessions of ministerial conferences. In addition to regular briefings for NGOs, the WTO Secretariat has created a special section on the WTO website, and recently organized high-level meetings with NGO participation on trade and environment and trade and development. The WTO Secretariat also circulates a monthly list of NGO position papers that it has received, and makes them available to Members upon request.

These developments in the WTO – the implementation of existing obligations by Members or the willingness to conclude new agreements to continue the liberalization process, to better integrate the LDCs, improve the functioning of core institutional mechanisms or public support for the WTO – are signs of the vitality of the multilateral trading system. They also demonstrate the commitment of its Members to respect their existing obligations and build for the future, even in the face of challenging events, such as the Asian crisis.

During 1999, most WTO Members participated in trade and investment liberalization at the regional level. As pointed out in the WTO's 1998 Annual Report, the revival of regional integration in the 1990s is a very significant movement, covering virtually all WTO Members and a broad spectrum of market-access issues in goods and services, as well as regulatory convergence. The process of regional and multilateral integration can, in principle, be complementary: domestic reforms can be "locked in" at the multilateral and regional levels; multilateral negotiations can offer the opportunity to "multilateralize" the benefits of regional trade agreements, when these are ripe for such action; given the overlapping membership of regional agreements with the WTO, multilaterally agreed trade pacts also benefit regional trade. However, to ensure that the appropriate balance is maintained between these two main avenues for liberalization, the WTO needs to find more effective methods of examining and monitoring regional trade agreements. The momentum and political support for trade liberalization at the multilateral level must also be maintained and enhanced.

Recent developments confirm that despite raising protectionist pressures, the momentum for trade liberalization, combining multilateral initiatives, regional agreements, and unilateral trade reforms, has overall been maintained. Trade liberalization measures have been undertaken by some countries throughout all regions.[4] For example:

- The financial turmoil notwithstanding, the general thrust of **Asian** countries' trade and investment policies has been further liberalization. While some countries directly affected by the crisis raised some tariffs, overall tariff averages have been declining. Some countries in the region have continued to pursue their traditionally open trade policies, while further liberalization measures were implemented by countries including those directly affected by the financial crisis (such as Indonesia, the Republic of Korea, the Philippines and Thailand).

- In **Japan**, domestic demand was weak and a decline in import volume contributed to the difficulties of emerging market economies in the region. Despite its economic difficulties, Japan implemented its trade liberalization agreed in the Uruguay Round ahead of the original timetable; it is also in the process of implementing structural reforms, particularly in the banking sector.

- In spite of domestic pressures to limit import competition and a sharply rising current account deficit, the financial crisis in Asia has not materially changed **Australia**'s policy of openness and commitment to structural reform. There has been a recent slowdown in tariff liberalization, however, and an increase in export assistance.

- The strong sustained growth of the **United States** economy provided a supportive external environment for recovery in the countries affected by the financial crisis. Since the outbreak of the crisis in Asia, growth of the US economy has continued to be strong – reaching almost 4% annually in 1997 and 1998; strong growth has been accompanied by the lowest levels of unemployment and consumer price inflation since the 1960s. Trade and investment liberalization has contributed to this trend. Imports have provided a safety valve, helping to satisfy domestic demand while dampening inflationary pressures. Large and growing current account deficits have enabled the US economy to sustain its strong rate of growth in the face of domestic constraints. The US current account deficit reflects the gap between national saving and domestic investment, which has widened since 1995. Contrary to popular perceptions, national saving has been rising in the United States; the sharp decline in household savings has been more than offset by stronger corporate saving and the shift from a fiscal deficit to surplus. The shortfall of national savings growth relative to domestic investment growth was made up by foreign investors who have continued to be drawn to the United States by its liberal investment regime, and profitable investment opportunities.

- On the other hand, the widening current account deficit has provoked allegations in the United States that some foreign producers are engaging in "unfair" trading practices to the detriment of domestic producers. Such allegations have, in turn, led to protectionist pressures from some sectors, aimed at persuading the Government to implement trade remedy measures to curb imports of some products from specific countries; by and large, the Administration has resisted such pressure, much to the benefit of the multilateral trading system and American consumers.

- As part of its outward-oriented trade and investment strategy, **Canada** is pursuing reform on an autonomous basis – notably lowering inter-provincial barriers to trade – and is an active participant in regional integration initiatives. In addition to its solid support of the multilateral trading system, Canada has forged preferential links with other partners such as Chile, Israel, and EFTA. It is also actively participating in broader schemes such as APEC and the FTAA.

- Growth in the economies of the Member States of the **European Union** (EU) is also playing an important role in the adjustment to the Asian financial crisis, although GDP expansion in 1998 and 1999 was considerably slower than in the United States. The EU is increasingly focused on its functioning as an economic and political entity. The Single Market

[4] Much of the information contained in this section is based on the Trade Policy Reviews undertaken during 1999.

continues to be at the centre of the EU's economic strategy to improve the competitiveness and the job-creating ability of European enterprises. The Amsterdam Treaty, which entered into force on 1 May 1999, revised Community treaties with the goal of bringing the Union closer to its citizens. The EU has taken a more pro-active stance to advance European business interests in third-country markets, but recognizes that more open markets at the Union level may require adjustment to the pressure of competition. The Union has increased recourse to WTO dispute settlement, but has itself been subject to a number of complaints during 1999. Preparations for enlargement continued with negotiations formally opened in 1998 with five candidate countries, and the joining of other applicants to the process in 1999. Another important policy development was the introduction of the Euro on 1 January 1999 in the 11 countries involved in the European Monetary Union (EMU).

- In **Latin America and the Caribbean**, the move towards an increasingly open trade and investment regime has, by and large, continued. This is partly the result of autonomous measures and regional initiatives, such as MERCOSUR, the Andean Community, the Central American Common Market, and CARICOM. Some countries, however, have become relatively important users of contingency protection such as anti-dumping measures.

- **Brazil** undertook important liberalization measures in the areas of financial services and telecommunications. It also moved to a floating exchange rate regime in January 1999, and the subsequent 30% depreciation of the Real against the dollar has increased the cost of imports and improved Brazil's external competitiveness; the domestic economy's ability to adjust and absorb the cost of devaluation was enhanced by its increased productivity resulting from privatization and other structural reforms introduced in the 1990s. Repercussions of the devaluation were also expected for Brazil's partners in MERCOSUR, given the depth of intra-regional trade, which accounts for some 20-30% of imports and exports for each regional partner. For Argentina, in particular, whose currency is fixed at parity to the US dollar, the depreciation of the Brazilian real had led to some protectionist pressures. However, Argentina's macroeconomic discipline and wide-ranging structural adjustment, including significant trade liberalization, had strengthened the economy and enhanced its capacity to adjust.

- **Bolivia** maintains a relatively open trade regime; the review of its trade policies has highlighted the benefits of a 10% uniform tariff regime in terms of its predictability, transparency and promotion of an efficient allocation of resources. The Trade Policy Review of **Nicaragua** noted the restructuring of the customs tariff to converge progressively to levels agreed within the Central American Common Market (CACM) so as to comply with WTO binding commitments and to implement a unilateral reduction plan (1997–2002); hitherto, this process has contributed to a considerable decrease in the average MFN tariff rate. Nicaragua is also making efforts to update and expand its legal framework for the protection of intellectual property rights.

- In the **Caribbean**, Jamaica and Trinidad and Tobago, the two most populous members of the 15-member CARICOM, have undertaken substantial trade liberalization following implementation of CARICOM's common external tariff (CET). In 1992, the CARICOM agreed to reduce the maximum tariff on industrial products from 45% in 1993 to 20% in 1998, keeping the maximum rate at 45% for agricultural products. The 20% ceiling on industrial products was implemented by Trinidad and Tobago in 1998, and Jamaica was to implement the ceiling by January 1999.

- In **Africa**, an increasing number of countries are further opening their trade and investment regimes, in most cases under comprehensive structural adjustment programmes with the IMF. These efforts are complemented by a revived impetus towards the development of regional integration. The Trade Policy Reviews of some African countries in 1999 highlighted these issues as well as the connection between private sector development and governance, in terms of transparency, accountability and respect for the rule of law.

The developments listed above have been appreciated by all WTO Members. On the other hand, there are still a number of long-standing issues of concern to some Members, such as in the area of market access. Examples include high tariffs on a large number of products, and the use of specific duties, which tend to conceal high ad valorem equivalents. Some Members also expressed concern about the use of contingency remedy measures such as anti-dumping.

Developments by Region

During 1999, regional trade agreements have continued to be at the forefront of trade liberalization efforts. The political impetus to increase their number and widen their scope has increased. Overall, regional and multilateral trade liberalization has gone ahead side by

side in recent years. However, there are some important issues that need to be addressed, such as the gaps between MFN and preferential tariffs, differing regional and international standards, multiplication of rules of origin, and other market-access issues. Regional initiatives, including customs unions, free-trade agreements, preferential trade agreements, or other trade-related initiatives, are present in all regions of the world. Examples of recent developments at the regional level are presented in the following paragraphs.[5]

Europe

The EU's accession negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Poland, and Slovenia, which opened in December 1997, have continued during 1999. The Trade Policy Reviews of Hungary and Romania focused on the role of trade policy and price reform in stimulating market competition in the transition process, buttressed by structural reform and macroeconomic stabilization. Following the Europe agreements and CEFTA, trade reform in these countries advanced in the WTO with commitments on tariff bindings, as well as market-opening for telecom and financial services. Reform is now geared mainly to the transposition of the body of EU "acquis communautaire", which might, in some instances, such as agriculture, lead to a less liberal trading regime. Hungary has been very successful in attracting foreign investment to modernize its capital base and the provision of services, and trade with the EU has flourished. Romania, in contrast, has had some difficulty in carrying through on structural reform, and is not in the "first wave" of EU applicant countries.

Turkey also illustrates the extent to which trade reform can be driven by regional commitments. The customs union with the European Union, which entered into force in 1996, gave a new impetus to the liberalization process, taking Turkey beyond its Uruguay Round commitments in many instances. Turkey has adopted the EU's common external tariff (CET) for most industrial goods and for the industrial component of processed agricultural goods; legislation in a large number of trade-related areas has been harmonized with the EU "acquis communautaire". Turkey, Hungary, and Romania are expanding their networks of preferential trade agreements to encompass regional trade partners and countries with which the EU has concluded trade agreements.

Under the Euro-Mediterranean free-trade area initiative five "new generation" bilateral free-trade agreements have been concluded between the EU and Israel, Jordan, Morocco, and Tunisia, as well as an agreement between the EU and the Palestine Liberation Organization (PLO) on behalf of the Palestinian Authority in the West Bank and Gaza Strip. Negotiations are on-going between the EU and Algeria, Egypt, Lebanon, and Syria, respectively. There also appears to be an expansion of the network of preferential agreements between Mediterranean partners.

Following up on the cross-regional integration initiative, launched by the EU to establish closer political and economic ties with Latin America and the Caribbean, framework agreements with the objective of reciprocal trade liberalization were concluded with Mexico, MERCOSUR and Chile.

The Americas

Linking Latin America and the Caribbean with North America, the initiative to create the Free-Trade Area for the Americas (FTAA) by 2005 was announced in December 1994 at the (First) Summit of the Americas, in Miami. The negotiations for an FTAA were formally launched in April1998 at the (Second) Summit of the Americas in Santiago, Chile. The negotiations, aimed at progressively eliminating barriers to trade in goods, services and investment, are to be concluded no later than 2005. It is expected that the outcome of the negotiations will be a "single undertaking", and that the FTAA negotiations will "improve on WTO rules and disciplines wherever possible".

The Trade Policy Reviews of Argentina and Uruguay, two of the four members of MERCOSUR, featured the changes in MFN tariffs due to the required convergence with the Common External Tariff by 2006; for Argentina, this process will bring a modest decrease in the average MFN rate from 13.5% in 1998 to 11.1% in 2006, but for Uruguay, the reverse may be true. Argentina and Uruguay confirmed that the additional temporary 3% increase of the Common External Tariff (CET) agreed among MERCOSUR members on 31 December 1997, prompted in part by the deterioration of Brazil's current account and budget deficit, will be eliminated on schedule by 31 December 2000.

Asia and the Pacific

In the wake of the Asian crisis, members of the Association of South-East Asian Nations (ASEAN) accelerated trade liberalization within the ASEAN Free-Trade Area (AFTA) framework. They also established fiscal investment incentives, created the ASEAN Investment

[5]Most of the information presented in this section has been gathered from the Trade Policy Reviews undertaken in 1999.

Area to provide national treatment to ASEAN investors in the manufacturing sector, launched a round of liberalization negotiations on services, and introduced a long-term Action Plan to promote economic recovery among the members. On the Common Effective Preferential Tariff (CEPT) of AFTA, each of the six founding members agreed to bring a minimum of 85% of the tariff lines of its Inclusion List in the 0–5% range by 2000, covering 90% of intra-ASEAN trade. They also brought forward from 2003 to 2002 the date of implementation of the CEPT on all items in the inclusion lists. The reductions in the CEPT and MFN rates have proceeded in parallel, so that the margin of preference for regional suppliers has remained relatively stable.

According to the "Bogor Declaration", the Asia-Pacific Economic Cooperation (APEC) framework aims at "open" trade and investment regimes in the region (that is, whose benefits are available to all trading partners), by 2010 for industrialized economies and no later than 2020 for developing economies. APEC is working in several directions to this end, based on the principle of voluntary participation – Individual Action Plans; the identification of sectors for early and voluntary liberalization (EVSL); and Collective Action Plans (CAPs) on measures of investment and trade facilitation. EVSLs for 15 product categories, comprising tariff elimination, reduction of non-tariff barriers, trade facilitation, and economic and technical cooperation, are on the APEC agenda. The first (non-tariff) action under an EVSL was approved in June 1998; it entails a framework to conclude mutual recognition agreements for conformity assessment of telecommunication equipment, which is expected to facilitate and expand trade flows of such equipment in the APEC region.

Africa

During the past two decades, countries in Africa have attached increasing importance to regional cooperation and integration initiatives to develop a viable internal market and industrial base, thereby fostering investment in the region. Such initiatives have been either entirely new or revitalized long-standing regional integration efforts. A new impetus to the development of regional integration bodies has also resulted from the trade arrangements proposed by the EU for a successor to the Lomé Convention, which envisages Regional Economic Partnership Agreements with groupings of ACP countries.

The current various regional groupings in Africa have overlapping membership and different degrees of advancement. Important progress of the Southern African Customs Union (SACU), the oldest regional organization in Africa, was featured at the Trade Policy Reviews of SACU members, as a group (Botswana, Lesotho, Namibia, South Africa, and Swaziland). Under the SACU Treaty, members apply to imports into the Union the same duties and taxes set by South Africa. SACU is part of the wider grouping of the Southern African Development Community (SACU members plus Angola, the Democratic Republic of Congo, Malawi, Mauritius, Mozambique, Seychelles, Tanzania, Zambia, and Zimbabwe), which intends to implement a free-trade area by mid–2000. The Common Market for Eastern and Southern Africa (COMESA), which stretches from Egypt to Swaziland, also hopes to establish a free-trade area by October 2000.

Substantial progress towards regional integration has also been made within the West African Economic and Monetary Union (WAEMU). Building on long-standing ties between members of the CFA monetary zone, WAEMU established a monetary union in 1994, and intends to achieve a variety of other goals, including the convergence of fiscal policies, and a common market.

The countries that are members of WAEMU are also members of ECOWAS, established in 1975 as the general regional organization for the 17-country subregion of West Africa. One member of ECOWAS, Nigeria, was reviewed in 1998 and another member, Guinea, was reviewed in 1999. Although the two regional agreements overlap, ECOWAS members agree that, in the long term, it will be the only regional agreement in West Africa. In the meantime, faster liberalization under WAEMU will contribute to such an integration. With respect to developments in ECOWAS, the reviews of Nigeria and Guinea indicated delays in the implementation of the agreed tariff reduction commitments on intra-member trade, and in the establishment of a common external tariff, originally planned for 2000.

Chapter Four

WTO ACTIVITIES

WTO activities

PART 1

This annual report provides a bridge to a new series which will be based on calendar years. This chapter provides an outline of the main activities of the WTO from 1 August 1999 to 31 December 1999.

I. WTO accession negotiations

An important task facing the WTO is that of making the new multilateral trading system truly global in scope and application. The 135 Members of the WTO (as of 31 December 1999) account for more than 90% of world trade. Many of the nations that remain outside the world trade system have requested accession to the WTO and are at various stages of a process that has become more complex because of the WTO' s increased coverage relative to GATT. With many of the candidates currently undergoing a process of transition from centrally-planned to market economies, accession to the WTO offers these countries – in addition to the usual trade benefits – a way of underpinning their domestic reform processes.

During the period covered (1 August 1999 to 31 December 1999) the WTO received one new Member: Estonia. The General Council also agreed to the accession of Georgia and the Hashemite Kingdom of Jordan. Georgia and the Hashemite Kingdom of Jordan are expected to become the 136th and 137th members of the WTO upon completion of the internal ratification procedures.

WTO membership is open to any State or customs territory having full autonomy in the conduct of its trade policies. Accession negotiations concern all aspects of the applicant' s trade policies and practices, such as market access concessions and commitments on goods and services, legislation to enforce intellectual property rights, and all other measures which form a government' s commercial policies. Applications for WTO membership are the subject of individual working parties. Terms and conditions related to market access (such as tariff levels and commercial presence for foreign service suppliers) are the subject of bilateral negotiations. The following is a list of the 30 governments for which a WTO working party was current as of 31 December 1999:

Albania, Algeria, Andorra, Armenia, Azerbaijan, Belarus, Bhutan, Bosnia-Herzegovina, Cambodia, China, Croatia, Former Yugoslav Republic of Macedonia, Kazakstan, Laos, Lebanon, Lithuania, Moldova, Nepal, Oman, the Russian Federation, Samoa, Saudi Arabia, Seychelles, Sudan, Chinese Taipei, Tonga, Ukraine, Uzbekistan, Vanuatu and Vietnam.

With the recent General Council decision on the organization of mandated negotiations in agriculture and services within WTO and to pursue consultations in other important sectors, there is a strong interest by a significant number of acceding governments to join the WTO as soon as possible. This desire has received wide support from WTO members who are committed to accelerating the accession process to the maximum extent possible on the basis of meaningful market access commitments and the acceptance of the rules and disciplines of the WTO system.

II. The Ministerial Conference

The Ministerial Conference of the WTO, composed of representatives of all Members governments, is the highest decision-making body of the organization, and is required to meet at least every two years. Ministerial Conferences review ongoing work, provide political guidance and direction to that work, and set the agenda for further work as necessary. The Third Ministerial Conference, hosted by the United States in Seattle, Washington, from 30November–3December 1999, was expected also to launch a broad work programme for the first years of the new decade consisting at a minimum of negotiations to further liberalize trade in agriculture and services already mandated to begin on 1 January 2000, to which other elements for negotiations would be added by agreement, and addressing concerns on implementation of past agreements, among other elements.

A process to prepare for the Seattle Ministerial Conference was organized in Geneva, starting in September 1998, under the responsibility of the General Council, the executive body in between Ministerial Conferences. Over the subsequent 14-month period, the General Council systematically reviewed the issues as called for by Ministers at their second conference in Geneva in May 1998. Despite intensive and constructive efforts on key areas, however, the Geneva process did not result in a consensus text of a draft declaration to be submitted to Ministers, although the discussions helped narrow down many of the outstanding issues. At the end of that process on 23November, Members acknowledged that although they had within their grasp all the ingredients necessary for a balanced and comprehensive package, Ministers at Seattle would have to take the critical political decisions necessary to conclude agreement.

Ministers and delegations convened at Seattle on 30November against the backdrop of sometimes violent street demonstrations against the WTO by non-governmental organizations and other representatives of civil society representing labour, the environment and other interests, and which hampered the start of the talks. The inaugural ceremony of the Conference scheduled for the morning of 30November – with addresses planned from the UN Secretary-General, the US Secretary of State, the US Trade Representative as Chairperson of the Conference, and the WTO Director-General – had to be cancelled as a result. The demonstrations, however, did not prevent the regular business of the Conference from starting in full plenary in the afternoon of 30 November, at which the Director-General, on behalf of the Chairperson, US Trade Representative Charlene Barshefsky, called the meeting to order and declared the third Ministerial Conference formally open. Ministers adopted a four-point agenda for the Conference under which they agreed to (i) review WTO activities and evaluate implementation of past agreements; (ii) adopt a Ministerial text and talk any other action necessary for the future work of the WTO; (iii) elect officers for the next Conference and (iv) decide on the date and venue of the next Conference. In the course of that afternoon and the two following days, Ministers devoted 21 hours in formal plenary meetings, including late-evening sessions, to the overview of WTO activities under the first agenda item. One hundred and twenty-two Member governments, 24 observer governments and five observer international organizations delivered statements under this item.

While the plenary business got under way, and in order to make maximum use of the limited time as well as to give all delegations the opportunity to participate in the continued work of drafting a Ministerial text for adoption under the second agenda item, Ambassador Barshefsky announced in the afternoon of 30November the establishment of four open-ended informal Working Groups on the key outstanding issues of Implementation and Rules, Agriculture, Market Access, and the Singapore Agenda and Other Issues. A further working group on Systemic Issues was established to address Members' concerns regarding the broader institutional issues of transparency and inclusiveness in WTO activities. In addition, an Ad Hoc Group on Trade and Labour Standards was established on 2December to take up proposals submitted by some Members during the preparatory process on this issue. A Committee of the Whole, chaired by AmbassadorBarshefsky, was established as the overall coordinating body for this working structure, and held its first meeting on the morning of 1 December to formally launch work in the individual groups. Thereafter, it met again on 2and 3 December to hear updates from the Chairs of the Working Groups.

The schedules of the Working Groups were set by their respective Chairpersons, and their meetings began from the morning of 1 December, with the exception of the Systemic Issues Group and the Ad Hoc Group on Trade and Labour which began on 2 December. Chairpersons of some groups, however, had already begun consulting with delegations on 30 November at the request of AmbassadorBarshefsky in order to establish a solid basis for their work. Clearly, this structure did not cover all aspects of the draft Ministerial text under consideration in the Geneva process. Considerable progress had already been made in Geneva on some aspects of the text, and it was expected that these texts could be brought back for final approval once the more difficult and urgent issues were resolved. Also, unavoidably, this process ran in parallel with sessions of the plenary meeting, and put considerable pressure on the resources of all delegations. However, it enabled delegations to make the maximum use of limited resources, and was intended as a more open and inclusive way of working than in previous Ministerial meetings.

Ultimately, however, the open-ended working group process did not result in the necessary consensus, and in the early hours of 3 December, the last day of the Conference, the Chairperson decided to initiate a small-group process to further facilitate this work, a right that she had reserved to herself on 30 November. Intensive discussions were organized throughout the day in meetings in which some 30 to 40 delegations participated. Although progress was reported in many areas, by early evening it was clear that too little time remained to complete the work of narrowing gaps, bringing the resulting texts back to the plenary working groups, making any additional changes and approving the resulting declaration by consensus at the formal plenary meeting of the Conference. Regrettably,

Ministers had to acknowledge that despite the good will and intensive work over the past four days, the Conference had simply run out of time.

At the concluding plenary session held late in the evening on Friday, the Chairperson informed Ministers that divergences of opinion had remained at the end of the process that could not have been resolved rapidly. Her own judgement, shared by the Director-General, the working group Chairs and Co-Chairs and the membership generally, was that it would be best to suspend the work of the Ministerial conference and to allow the Director-General time to consult with delegations and discuss creative ways to bridge the remaining differences, as well as to develop improved rules and processes that would ensure maximum transparency for all delegations.

Table IV.1

The full structure and issue coverage of the groups established at Seattle

Committee of the Whole	Overall body for the working structure Chair: US Trade Respresentative, Charlene Barshefsky
Working Group on Agriculture	Agriculture Chair: Minister for Trade and Industry, George Yeo (Singapore)
Working Group on Implementation and WTO Rules	Issues relating to implementation of WTO Agreements and decisions; WTO rules Chair: Minister for International Trade, Pierre Pettigrew (Canada)
Working Group on Market Access	Non-agricultural market access Chair: Minister of Trade, Industry and Marketing, Mpho Malie (Lesotho)
Working Group on Singapore Agenda and Other Issues	Investment; Competition; Trade Facilitation; Transparency in Government Procurement; Other elements of the Work Programme Chair: Minister for International Trade, Lockwood Smith (NewZealand)
Working Group on Systemic Issues	Improving active participation of all Members in WTO business; Transparency; Relations with Civil Society Chair: Minister for Foreign Affairs, Juan Gabriel Valdes (Chile) Co-Chair: Minister for Commerce, Business Development and Investment Anup Kumar (Fiji)
Ad hoc Group on Trade and Labour Standards	Trade and Labour Standards Chair: Vice-Minister for Foreign Trade, Anabel Gonzalez (CostaRica)

III. Work of the General Council

The General Council is entrusted with carrying out the functions of the WTO, and taking action necessary to this effect, in the intervals between meetings of the Ministerial Conference, in addition to carrying out the specific tasks assigned to it by the WTO Agreement. Aside from the preparations for the 1999 Ministerial Conference which were carried out by the General Council under a separate process, during the period under review, the work of the General Council included the following:

Accessions

The General Council adopted decisions authorizing the accession of new Members (Georgia and Jordan) and established a working party to examine the application of Bhutan. The General Council also considered the broader question of accession to the WTO; delegations in general supported the idea that the process of accession should be accelerated as much as possible.

Waivers under Article IX of the WTO Agreement

The General Council granted a number of waivers from obligations under the WTO Agreement (see Table IV.2).

In November 1999 the General Council conducted its annual review of waivers required under Article IX:4 of the WTO Agreement. The following waivers were reviewed: Canada –

CARIBCAN, granted on 14 October 1996 until 31 December 2006 (WT/L/185); Cuba – Article XV:6, granted on 14 October 1996 until 31 December 2001 (WT/L/182); EC – The Fourth ACP-EC Convention of Lomé, granted on 14 October 1996 until 29 February 2000 (WT/L/186); EC/France – Trading arrangements with Morocco, granted on 9–11 December 1998 until 31December2001 (WT/L/294); Hungary – Agricultural export subsidies, granted on 22October1997 until 31 December 2001 (WT/L/238); United States – Andean Trade Preference Act, granted on 14 October 1996 until 4 December 2001 (WT/L/184); United States – Caribbean Basin Economic Recovery Act, granted on 15 November 1995 until 31 December 2005 (WT/L/104); United States – Former Trust Territory of the Pacific Islands, granted on 14 October 1996 until 31December 2006 (WT/L/183).

Preparations for the 1999 Ministerial Conference

Substantive preparations for the 1999 Ministerial Conference were carried out by the General Council under a separate process. As part of its regular work the General Council considered and took actions on a number of organizational aspects relating to the 1999 Ministerial Conference. These included decisions concerning the organization of work for the Conference, participation of acceding countries as observers in the preparatory work for the Ministerial Conference, attendance of governments and of international intergovernmental organizations as observers at the Conference and attendance of non-governmental organizations at the Conference.

For the preparations on the substance of the 1999 conference, at the Second Session of the Ministerial Conference in May1998, Ministers decided that a process would be established, under the direction of the General Council, to ensure the full and faithful implementation of existing agreements, and to prepare for the Third Session of the Ministerial Conference. Ministers also decided that, in this regard, the General Council would meet in Special Session in September 1998 and periodically thereafter to ensure full and timely completion of its work. Ministers directed that the General Council's work should encompass recommendations concerning: (i)implementation of existing agreements and decisions; (ii) negotiations already mandated at Marrakesh; (iii) future work already provided for under other existing agreements; (iv)other possible future work on the basis of the work programme initiated at Singapore; (v) follow-up to the High-Level Meeting on LDCs; and (vi) other matters proposed and agreed to by Members. The General Council was also directed to submit recommendations concerning the organization and management of the work programme arising from the above, including on scope, structure and time-frames.

In pursuance of this mandate, during the period under review, the General Council met in two Special Sessions, in September and November 1999, and held a number of informal intersessional meetings. Its work in this period focused primarily on the structure and content of the overall text to be submitted to Ministers, building on the substantive work already accomplished in the earlier phases of the preparatory process since September 1998, namely of issue-identification, presentation of individual proposals, and clarification of proposals and positions in particular areas and sectors.

In early September, the Chairman of the General Council submitted to Members a draft outline of a Ministerial text in order to focus and assist in the work towards agreement on an overall draft text to be submitted to Ministers, and in line with indications given to the General Council in July. Subsequently, in early October, taking into account the proposals submitted until then and the discussions based on them, the Chairman circulated a first draft of a Ministerial text, which included a number of options concerning specific issues whose inclusion or place in the future WTO work programme Members still had to decide on. Following further intensive consultations at the level of heads of delegations, a revised draft Ministerial text was circulated by the Chairman on 19October, which identified the main tendencies and divergences that had emerged in the work until then, presented as proposed amendments to the earlier text or as separate options. Further working papers were circulated by the Chairman on 17November.

At the Special Session of the General Council on 23November, the Chairman informed Members that it had not proven possible for him to circulate a revision to the draft text of 19October, in view of continuing intensive consultations among delegations on certain key aspects of that text, without which no revision would be considered balanced. These intensive efforts had not made it possible to produce a common text in these areas for consideration by Ministers, although many of the issues had been narrowed down. He concluded that while Members had within their grasp all the ingredients necessary for a balanced and comprehensive package of results, they had gone as far as was possible in the General Council process in Geneva, and that Ministers meeting in Seattle in December, who would have available the 19October text and the 17November working papers, would need to take the decisions necessary to conclude this work.

Review of the Dispute Settlement Understanding

The General Council followed the evolution of the review of the Dispute Settlement Understanding. In November 1999, the General Council heard a report by the Chairman of the Dispute Settlement Body on his own responsibility regarding the review of the DSU. The report, as well as the statements made by delegations were forwarded to the 1999 Ministerial Conference.

Global electronic commerce

The General Council continued to oversee the implementation of the Work Programme on Electronic Commerce established in September 1998 and contributed to the input on this matter to the 1999 Ministerial Conference. The General Council will revert to the matter of electronic commerce as early as possible in 2000.

Promotion of the institutional image of the WTO

During the period under review the General Council continued the consideration of this matter initiated earlier in the year. Following informal consultations among delegations, in October 1999 the General Council heard a report on these consultations. The main points raised in the consultations were: (i) the WTO is not a supranational organization, and Members have the prime responsibility for improving the understanding of the WTO in their respective countries; (ii) governments should use the public information materials prepared by the Secretariat for their public relations and information activities; and (iii) the exchange of national experiences relating to enhancing the understanding of the WTO is a valuable exercise, and further consultations will be held after the 1999 Ministerial Conference.

WTO Secretariat and senior management structure

The General Council considered this matter and agreed that a review of the question of the WTO Secretariat and senior management structure will be concluded by the end of September 2000 in conjunction with the review of the current rules and procedures for appointment of Directors-General.

Other issues

Other issues brought to the General Council during the period under review included the need for greater coherence among the policies of the WTO, the IMF and the World Bank, the establishment of the Global Trust Fund for WTO Technical Cooperation and proposals for assisting developing countries in relation to the dispute settlement mechanism. The General Council also approved the WTO budget for 2000.

Table IV.2

Waivers under Article IX of the WTO Agreement

During the period under review, the General Council granted the following waivers from obligations under the WTO Agreements which are still in effect.

Member	Type	Decision of	Expiry	Document
Argentina, Australia, Bolivia, Brazil, Brunei Darussalam, Bulgaria, Costa Rica, Egypt, El Salvador, Honduras, Iceland, India, Israel, Malaysia, Maldives, Mexico, Morocco, New Zealand, Norway, Pakistan, Panama, Paraguay, Slovenia, Switzerland, Thailand, Tunisia, Uruguay, Venezuela	Introduction of Harmonized System changes into WTO Schedules of Tariff Concessions on 1 January 1996 - Extension of time-limit			
Bangladesh	Establishment of a new schedule – Extension of time-limit	4.11.1999	30.04.00	WT/L/336
Nicaragua	Establishment of a new schedule – Extension of time-limit	4.11.1999	30.04.00	WT/L/334
Sri Lanka	Establishment of a new schedule – Extension of time-limit	4.11.1999	30.04.00	WT/L/335
Zambia	Renegotiation of schedule – Extension of time-limit	4.11.1999	30.04.00	WT/L/337

Working Group on the Relationship between Trade and Investment

At the Singapore Ministerial Conference held in December 1996, a Working Group was established to examine the relationship between trade and investment, on the understanding that the work undertaken shall not prejudge whether negotiations on multilateral disciplines in this area will be initiated in the future. The substantive subjects studies by the Working Group are listed in a Checklist of Issues Suggested for Study which was developed at the first meeting of the Working Group in June 1997 on the basis of specific proposals made by members. This Checklist comprises four categories of issues: (1) the implications of the relationship between trade and investment for development and economic growth; (2) the economic relationship between trade and investment; (3) stocktaking and analysis of existing international instruments and activities regarding trade and investment; and (4) certain questions of a more prospective nature relevant to assessing the desirability of possible future initiatives in this area.

In December 1998, the General Council received a comprehensive report from the Working Group on its activities during 1997–98 (WT/WGTI/2) and decided that the Working Group should continue its educational work on the basis of the mandate contained in the Singapore Ministerial declaration and that this work would continue to be based on issues raised by members with respect to the subjects identified in the Checklist of Issue suggested for Study. Pursuant to this decision meetings of the Working Group were held on 22–23 March, 3 June and 24 September 1999. A summary of the discussions that have taken place at these meetings is contained in the annual report (1999) submitted by the Working Group to the General Council (WT/WGTI/3).

Working Group on Transparency in Government Procurement

The Working Group on Transparency in Government Procurement which was established pursuant to the Ministerial Declaration of December 1996 is mandated "to conduct a study on transparency in government procurement practices, taking into account national policies, and, based on this study, to develop elements for inclusion in an appropriate agreement".

In 1999, the Group held three meetings (on 24–25 February, 28 June and 6October 1999). At these meetings, the Working Group reverted to the issues before it on the basis of a note by the Chairman, listing the issues that had been raised, together with the points made on these issues, under each of the items that were discussed by the Group at its meetings held since in November 1997. The latest version of the Chair's note "List of the Issues Raised and Points Made" is attached to the report of the Group to the General Council (WT/WGTGP/3) which the Group adopted at the 6 October 1999 meeting. The note reflects the systematic study of 12 issues that were identified as important in relation to transparency in government procurement. These are as follows: definition and scope of government procurement; procurement methods; publication of information on national legislation and procedures; information on procurement opportunities, tendering and qualification procedures; time-periods; transparency of decisions on qualification; transparency of decisions on contract awards; domestic review procedures; other matters related to transparency – maintenance of record of proceedings; information technology, language, fight against bribery and corruption; information to be provided to other governments (notification); WTO dispute settlement procedures; technical cooperation and special and differential treatment for developing countries. Written contributions on national practices, on issues meriting study and setting out ideas for action have been presented by many Members to the Working Group. Moreover, the delegations of Australia; the European Community; Japan; and Hungary, Republic of Korea and the United States jointly, tabled draft texts of an agreement on transparency in government procurement with a view to the possible adoption of an agreement at the Seattle Ministerial Conference at the end of 1999. As indicated elsewhere in this report, no decision on this matter was taken in Seattle.

Working Group on the Interaction between Trade and Competition Policy

The mandate of this Working Group, which was established pursuant to the Singapore Ministerial Declaration of December 1996, is to "study issues raised by Members regarding the interaction between trade and competition policy, including anti-competitive practices, in order to identify any areas that may merit further consideration in the WTO framework". The Group is chaired by Professor Frédéric Jenny of France.

The Singapore Ministerial Declaration provided for the General Council to keep the work of the Working Group under review, and to determine after two years how its work should proceed. In this regard, in December 1998, the General Council decided that the Working Group should continue the educative work that it had been undertaking pursuant to paragraph 20 of the Singapore Ministerial Declaration. It provided, further, that:

> "In the light of the limited number of meetings that the Group will be able to hold in 1999, the Working Group, while continuing at each meeting to base its work on the study of issues raised by Members relating to the interaction between trade and competition policy, including anti-competitive practices, would benefit from a focused discussion on: (i) the relevance of fundamental WTO principles of national treatment, transparency, and most-favoured-nation treatment to competition policy and vice versa; (ii) approaches to promoting cooperation and communication among Members, including in the field of technical cooperation; and (iii) the contribution of competition policy to achieving the objectives of the WTO, including the promotion of international trade. The Working Group will continue to ensure that the development dimension and the relationship with investment are fully taken into account. It is understood that this decision is without prejudice to any future decision that might be taken by the General Council, including in the context of its existing work programme.

In 1999, the Group held three meetings (on 19–20 April, 10–11 June and 14September 1999) on the matters referred to in the General Council's decision. At the meeting on 14 September, the Working Group completed and adopted a substantive report on its activities in 1999, pursuant to the above-noted decision of the General Council. This document, entitled Report (1999) of the Working Group on the Interaction between Trade and Competition Policy to the General Council (document WT/WGTCP/3), is in the public domain and is available on the WTO website (www.wto.org), under the symbol "wgtcp".

Throughout its work, the Working Group on the Interaction between Trade and Competition Policy has benefited from a high level of participation from Members. As of 31 December 1999, there had been a total of approximately 130 formal contributions by Members to the Group, including more than 60 from developing countries. The majority of these contributions are unrestricted or were originally submitted as restricted documents but have subsequently been derestricted and are available on the WTO website.

To facilitate the work of the WTO on competition policy matters, the WTO Secretariat, with financial assistance and input from staff of the Secretariats of UNCTAD and the World Bank, has organized several symposia on relevant issues. These symposia have brought together experts from national competition authorities, non-governmental organizations, the academic world and the private sector to share insights on the questions being addressed in the Working Group. In 1999, two such symposia were held. The first of these, held on 17 April 1999, dealt with the topic of Competition Policy and the Multilateral Trading System: the Relevance of Fundamental WTO Principles, International Cooperation and the Contribution of Competition Policy to WTO Objectives. The second, which took place on 13 September 1999, centred around the theme of Competition Policy and the Multilateral Trading system: A Dialogue with Civil Society. In the course of this event, representatives of a number of consumer, business, labour, environmental and good governance organizations from the developed and the developing world provided their views on questions concerning the role of competition policy in a healthy market economy and its importance in ensuring that the benefits of trade liberalization are shared by all members of society.

IV. Trade in goods

Council for Trade in Goods

During the period under review, the Council for Trade in Goods convened one formal meeting. It examined and approved requests for waivers and waiver extensions made by Members in connection with the transposition of their Schedules into the Harmonized System, with the renegotiation of their Schedules and with the introduction of the Harmonized System 1996 changes into their Schedules. The Council discussed, both formally and informally, a request by the Philippines for the extension of the transition period referred to in Article 5.2 of the TRIMs Agreement. It also began the review of the operation of the TRIMs Agreement provided for in Article9. It took note of the situation with respect to the compliance of notification obligations under the provisions of the Agreements in Annex 1A of the WTO Agreement as well as of the annual reports of its subsidiary bodies. It adopted the draft status report on exploratory work undertaken on Trade Facilitation and its Annual Report to the General Council. The Council adopted terms of reference under which a number of regional agreements are to be examined by the Committee on Regional Trade Agreements.

Trade in information technology products (ITA)

The Ministerial Declaration on Trade in Information Technology Products (ITA) which was agreed to in Singapore in 1996 has been accepted by 52 WTO Members and states or separate customs territories. Ultimately, the tariffs on computers, telecommunications equipment, semiconductors, semiconductor manufacturing equipment, software, and scientific instruments will be reduced to zero; most of this occurring on 1 January 2000 for many countries. The details are contained in each schedule of commitments. The ongoing work of the ITA Committee has focused on non-tariff trade barrier consultations, the addition of new participants, and the examination of classification divergences.

Market access

The activities of the Committee on Market Access cover market access issues related to tariffs and non-tariff measures not covered by any other WTO body, as well as matters related to the Integrated Data Base. During the period under review, the Committee met once, on 5October1999 and examined the following issues:

Harmonized System and Schedules of Concessions

The Committee took note of the requests by certain Members for further extension of, or inclusion in, the waiver to carry out possible consultations/negotiations under Article XXVIII following the introduction of Harmonized System 1996 (HS96) changes in national tariffs. The Committee also took note of the factual information provided by Members under current waivers regarding the transposition of their schedules into the Harmonized System, as such, or the renegotiation of their schedules. Japan informed the Committee of a proposal that it intended to make to the Council for Trade in Goods concerning HS96 waiver extensions. The Committee took note of the views expressed by Members on the proposal and agreed that the Chairman consult on this subject.

Non-tariff measures

At the October meeting, the Committee took note of the status of notifications of quantitative restrictions (G/MA/NTM/QR/1/Add 6). The Chairman of the Market Access Committee urged those Members who had not yet notified in accordance with the obligations under the Decision on Non-Tariff Measures (G/L/59) to do so.

Integrated Data Base (IDB)

As a result of the General Council Decision of 16 July 1997 (WT/L/225), the IDB, which contains import statistics and tariff information of Members having submitted such data, was moved from the mainframe environment to a PC-based system in 1997–1998. The Committee, at the October meeting, examined the status of IDB submissions on the basis of the document G/MA/IDB/2/Rev.6. The Committee took note of an oral report presented by the Secretariat on the status of processing of IDB submissions, the status of software development and the technical assistance activities that had been carried out since the last report.

Consolidated Tariff Schedules (CTS) Data Base Technical Cooperation Project

The CTS project consists of the setting up by the Secretariat of a data base which will contain the consolidated tariff schedules of WTO Members. The Secretariat is to carry out the work necessary in respect of the schedules of developing countries. Developed-country Members are expected to prepare their own schedules. The CTS data base would be established as a working tool only, without implications as to the legal status of the information stored therein. Following the obtention of the necessary funds in May 1999, the Secretariat began work on this project. At the October meeting, the Secretariat reported on the status of work on this project.

Textiles and clothing

The Agreement on Textiles and Clothing (ATC), which entered into force on 1January 1995, is a ten-year transitional agreement with a programme to gradually integrate textile and clothing products fully into GATT rules and disciplines by2005. It replaced the Multifibre Arrangement (MFA) which provided the basis on which certain developed countries, through bilateral agreements or unilateral actions, established quotas on imports on textiles and clothing from several developing countries. Under the ATC, when products are integrated, they are removed from the Agreement, are freed from any quota and are subject to the relevant provisions of the GATT1994.

The Agreement on Textiles and Clothing is built on the following main elements:

(i) the product coverage, which comprises an extensive list of man-made fibres, yarns, fabrics, made-up textile products and clothing;

(ii) the procedures for the integration of these products into GATT1994 rules beginning with 16% by volume on 1January1995; a further 17% in1998; 18% in2002 and the remaining products by2005;

(iii) automatic increases, at each stage, in the annual growth rates in the quotas carried over into the ATC;

(iv) a transitional safeguard mechanism to deal with cases of serious damage, or actual threat of serious damage, to domestic industries which may arise during the transition period;

(v) other provisions, which include clauses on circumvention of restrictions, quota administration, quantitative restrictions other than those inherited from the MFA, actions as may be necessary to abide by GATT1994 rules and disciplines, and special treatment for certain categories of exporters; and

(vi) the Textiles Monitoring Body (TMB), which is mandated to supervise the implementation of the ATC, to examine the conformity of all measures taken under it, and to report periodically to the WTO Council for Trade in Goods (CTG).

The second stage of the integration process began on 1January1998 with the integration into GATT1994 rules of products representing a further 17% of the Member's imports of textiles and clothing, bringing the total level of integrated products to 33%; forty-eight Members notified the products being integrated. Through this process, some quotas were removed in Canada, EC and US. Norway had decided to use another approach, removing most of the quotas in place while not integrating the products at this stage.

In addition, at the beginning of the second stage, the annual growth rates in all of the remaining quotas were automatically increased by a factor of 25%. For example, a 6% growth rate under the former MFA had become 6.96% in stage1 and moved to 8.7% to be applied annually during the second stage.

In the period under review, discussions have continued on the best way to implement the provisions of the ATC, particularly in the Intersessional Meetings of the General Council in preparation for the Third Ministerial Meeting. Developing-country Members brought forward a number of suggestions on means to improve the implementation process within the existing structure of the ATC. Reference has also been made to actions on textile products under other WTO instruments relating to anti-dumping, rules of origin and the DSU.

The Textiles Monitoring Body

The TMB is entrusted with the task of supervising the implementation of the ATC and examining all measures taken under this Agreement and their conformity with it.

The TMB consists of a Chairman and ten members who act in their personal capacity. It is a standing body and meets as necessary to carry out its functions, relying essentially on notifications and information supplied by Members under the relevant provisions of the ATC.

The composition of TMB's membership for the second stage of the integration process under the ATC (1998–2001) was decided by the General Council in December1997. The decision included the allocation of the ten seats to WTO Members or to groupings of Members (i.e. constituencies) which, in turn, appointed an individual to be the TMB member, acting on an ad personam basis.

The following constituencies were in place in 1998, 1999 and 2000: the ASEAN Member countries; Canada and Norway; Pakistan and Macau, China; the European Community; Hong Kong, China and the Republic of Korea; India and Egypt/Morocco/Tunisia; Japan; Latin American and Caribbean Members; Switzerland, Turkey and Bulgaria/Czech Republic/ Hungary/Poland/Romania/SlovakRepublic/ Slovenia; and the United States. Most of the constituencies operate on the basis of rotation. The TMB members may appoint their alternates. Alternates are selected from within the constituency of the member. The ATC also provides for two non-participating observers in the TMB.

The TMB takes all of its decisions by consensus. However, according to the ATC, consensus within the TMB does not require the assent or the concurrence of those members appointed by WTO Members which are involved in an unresolved issue under review by the TMB. The TMB also has its own detailed working procedures.

The TMB adopted an annual report to the Council for Trade in Goods covering the period 20November1998 to 13September1999 and providing an overview of the issues handled by the TMB during that time.

In the period 1July1999 to 31January2000, the TMB held six formal sessions. The detailed reports of these meetings are contained in documents G/TMB/R/56 to 61. The TMB examined a number of notifications and communications received from WTO Members in respect of actions taken under the provisions of the ATC, including integration programmes,

actions taken under the transitional safeguard mechanism and a number of issues in respect of other obligations under the ATC. As mandated in the ATC, it also exercised surveillance of the implementation of its recommendations.

More specifically, during the period covered by this report the TMB, inter alia, finalized its examination of a list of products notified by Paraguay as its programme for the second stage of the integration process (1998–2001), after having received the clarifications it had decided to seek from the WTO Member concerned.

With reference to the transitional safeguard mechanism, the TMB examined a notification by Argentina of transitional safeguard measures it had applied as from 31July 1999 to imports from Brazil of the products of five categories of woven fabrics of cotton and cotton mixtures, introducing quotas, pursuant to the provisions of Article6.11 of the ATC, for a duration of three years. With respect to four product categories the TMB concluded that Argentina had not demonstrated that these products were being imported into its territory at the time Argentina had decided to introduce the safeguard measure in such increased quantities as to cause serious damage to the domestic industry producing like and/or directly competitive products. The TMB recommended, therefore, that Argentina rescind the transitional safeguard measures introduced on imports of these products originating in Brazil. As regards the fifth product category the TMB, while reaching certain preliminary conclusions, did not make a final determination as to whether increased imports of the products of that category had caused serious damage to the Argentine domestic industry producing like and/or directly competitive products. Notwithstanding that fact and, inter alia, noting that imports by Argentina of products of that category originating in Brazil had not increased sharply and substantially during the period referred to in Article6.8, but had actually decreased, the TMB recommended that Argentina rescind the safeguard measure introduced against imports of products of this category originating in Brazil. As regards the invocation by Argentina of the provisions of Article6.11, which provide that in "highly unusual and critical circumstances, where delay would cause damage which would be difficult to repair", a safeguard "action may be taken provisionally on the condition that the request for consultations and notification to the TMB shall be effected within no more than five working days after taking the action", the TMB, in the light of the conclusions it had reached with respect to the specific categories subject to safeguard and having made certain observations, noted that the recourse by Argentina to the provisions of Article6.11 had not been appropriate. Subsequently, the TMB considered a communication received from Argentina pursuant to Article8.10 of the ATC, conveying the reasons for Argentina's inability to conform with the above-mentioned recommendations. Argentina considered, inter alia, that it had complied with the provisions of Article6 of the ATC and that the elements demonstrating the existence of serious damage caused by an increase in imports were contained in the presentation made at the time Argentina had requested consultations with Brazil. Moreover, Argentina was of the view that its recourse to the provisions of Article 6.11 had been justified by the circumstances. Having given thorough consideration to the reasons presented by Argentina, as reflected also in the TMB's respective detailed report, the TMB concluded that the reasons given by Argentina did not lead the Body to change its conclusions and recommendations, and further recommended, therefore, that Argentina reconsider its position and that the transitional safeguard measures be rescinded forthwith.

The TMB also examined a notification by Argentina of transitional safeguard measures it had applied, as from 31July1999, to imports from Pakistan of the products of five categories of woven fabrics of cotton and cotton mixtures, introducing quotas, pursuant to the provisions of Article6.11, for a duration of three years. These safeguard measures affected the same products as in the case of Brazil and had been adopted by Argentina on the basis of similar factual information as that presented in support of the measures taken against imports from Brazil. With respect to four product categories the TMB concluded that Argentina had not demonstrated that these products were being imported into its territory at the time Argentina had decided to introduce the safeguard measure in such increased quantities as to cause serious damage to the domestic industry producing like and/or directly competitive products. The TMB recommended, therefore, that Argentina rescind the transitional safeguard measures introduced on imports of these products originating in Pakistan. As regards the fifth product category, the TMB concluded that it had been demonstrated that such products were being imported into Argentina, at the time Argentina had decided to introduce a safeguard measure, in such increased quantities as to cause serious damage to its domestic industry producing like and/or directly competitive products. The TMB also found that the serious damage caused to the Argentinian industry could be attributed, inter alia, to increased imports from Pakistan. Noting, however, that the Argentinian industry producing these products had already started to make adjustments, and that these efforts had already produced temporary results, the TMB considered that a shorter period of time than three years seemed to be sufficient for the Argentinian industry to adjust and recommended that Argentina rescind this transitional safeguard measure by 31January

2001. The TMB also expressed the view that the recourse by Argentina to the procedures of Article6.11, i.e. to apply the restraint provisionally, without having exhausted the possibility of prior consultations, had not been appropriate.

In terms of exercising surveillance of the implementation of its recommendations, the TMB took note of a communication made by Brazil according to which the transitional safeguards it had agreed pursuant to Article6.9 with the Republic of Korea for the period 1 June1996 to 31May1999 on imports of products of five man-made fibre fabric categories from the Republic of Korea had ceased to be in force on that latter date. The TMB also noted that by providing this communication Brazil contributed to the necessary transparency with respect to the implementation of the provisions of the ATC. The TMB took note of a communication received from the UnitedStates informing the Body that, after having carefully examined the conclusions reached by the TMB in June1999 (at which point the TMB had examined a communication of the UnitedStates conveying the US's inability to conform with a recommendation the TMB had made in April1999 that the UnitedStates rescind a safeguard action introduced on imports of combed cotton yarn from Pakistan, and recommended that the UnitedStates reconsider its position and rescind the measure forthwith), the US remained convinced that the US action was justified under the provisions of Article6 of the ATC, and had, therefore, decided to maintain this restraint in place. The UnitedStates would, however, keep trade and production trends under review. In taking note of this communication, the TMB recalled that the safeguard measure in question had already been dealt with in detail by the TMB on two occasions, initially during its review of the matter pursuant to Article6.10 and, subsequently, under Article8.10. The TMB observed that following the recommendation it had made pursuant to Article8.10, the Body was not mandated under the ATC to review this latest communication, and noted that Article8.10 of the ATC states that "if, after such further recommendations, the matter remains unresolved, either Member may bring the matter before the Dispute Settlement Body and invoke paragraph2 of ArticleXXIII of GATT 1994 and the relevant provisions of the Dispute Settlement Understanding". The TMB also took note of a communication by Argentina in which it informed the Body that, following consultations with the Republic of Korea, Indonesia and Malaysia pursuant to Article6.7 of the ATC, the Argentine authorities had decided not to apply the safeguard measure envisaged for imports of polyester fibre yarn from Indonesia, the Republic of Korea and Malaysia, and for imports of polyester fibre from the Republic of Korea.

The TMB considered and took note of a communication, received from the European Community under Article3.3 of the ATC, for the Body's information, regarding agreed changes to the consultation levels maintained in respect of two product categories vis-à-vis Egypt. According to this communication, since such consultation levels had been introduced in the context of a preferential trade agreement with Egypt, the agreed changes affecting the consultation levels for 2000 and 2001 were being notified under ArticleXXIV of the GATT.

The TMB examined, pursuant to Article8.1 of the ATC, a measure mutually agreed between Turkey and the UnitedStates as part of a broader understanding reached between the two Members, restricting Turkey's exports to the UnitedStates of cotton and man-made fibre underwear. The TMB regretted that, despite its repeated requests and given that almost seven months had lapsed since it had first requested information on the measure, the parties had not provided the information the Body had sought from them on the measure itself, as well as on the particular provision of the ATC under which it had been agreed. In concluding its examination, the Body recalled that Article2.4 of the ATC states that "no new restrictions in terms of products or Members shall be introduced except under the provisions of this Agreement or relevant GATT 1994 provisions". Since Turkey and the UnitedStates indicated that the measure had been taken pursuant to a provision of the ATC, the TMB, after having considered the new restriction against the different provisions of the ATC on the basis of the information available to it, concluded that the measure agreed upon by Turkey and the UnitedStates had not been demonstrated to be in conformity with the provisions of the ATC.

With respect to the notifications addressed to the TMB after the relevant deadlines specified by the ATC, the TMB reiterated that its taking note of late notifications was without prejudice to the legal status of such notifications.

Agriculture

Progress in the implementation of commitments under the Uruguay Round agricultural reform programme, or resulting from WTO accession negotiations, is subject to regular multilateral review in the WTO Committee on Agriculture. Since 1995, the Committee has held 21 formal meetings.[1] In addition, the Committee held numerous informal meetings and

[1]Summary reports of the meetings (document series G/AG/R/...) can be downloaded from the WTO website.

consultations on matters of implementation and within the framework of the Process of Analysis and Information Exchange ("AIE process").

For the purpose of reviewing the implementation of commitments, Members must periodically submit notifications in the areas of market access, domestic support and export subsidies, as well as under the provision of the Agreement relating to export restrictions. To date, the Committee has reviewed 834 notifications.

In the area of market access, the Committee continued to review systematically Members' administration of tariff quotas and imports under these commitments. Many tariff quotas have a significant commercial value since imports are subject to relatively low customs duties, albeit for limited import volumes. Currently, 37 Members, counting the EC as one, have bound a total of 1,367 tariff quotas in their WTO Schedules. The Committee also monitored the application of the special agricultural safeguard. To date, eight Members have applied the special safeguard on a number of eligible products.

The Committee reviewed 49 domestic support notifications in 1999. Measures claimed by Members to be in conformity with the "Green Box" featured prominently in the process of questions and answers. Virtually all Members provide support to agriculture under the provisions of the Green Box and so long as they comply with the non-trade distortion and other criteria specified in Annex 2 of the Agreement, such measures are exempt from reduction commitments.

The discussion of Members' market price support policies focused on technical aspects in calculating such domestic supports. The issues that were raised included adjustment for inflation, the treatment of negative support and evidence that the support had remained below the relevant de minimis levels. Several Members were asked to clarify why the level of price and other trade-distorting support had increased.

Members' performance in implementing their export subsidy commitments was also reviewed. Several Members reiterated their serious concerns over the practice by some Members to utilise "unused" export subsidy commitments carried forward from a previous implementation year and recalled that this roll-over flexibility expired at the end of 1999. Some other Members which had exceeded their commitment levels for certain products were requested to explain what steps they had taken to ensure compliance in the future.

A broad range of specific matters were addressed under Article 18.6 of the Agreement. This provision entitles Members to raise, in the Committee's review process, any matter relevant to the implementation of commitments under the reform programme. Several Members were requested, for example, to provide clarification with regard to recent measures which had resulted in an increase of their applied customs duties or which appeared to be non-tariff barriers.

The Committee is mandated to monitor the follow-up to the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. In November 1999, the Committee conducted its fifth annual monitoring exercise on the basis of contributions by Members, including ten notifications concerning actions taken by developed countries within the framework of the Decision. The FAO, the OECD, the World Bank and the IMF also contributed to this process.[2]

Furthermore, at the same meeting the Committee held, in accordance with Article 18.5 of the Agreement, its annual consultation concerning the impact of the implementation of the Uruguay Round export subsidy commitments on Members' world market shares for major commodities as well as high value agricultural products.

At the Singapore Ministerial Conference in 1996, Ministers had agreed to launch "a process of analysis and exchange of information on the Built-in-Agenda issues, to allow Members to better understand the issues involved and identify their interests before undertaking the agreed negotiations and reviews". Under the modalities agreed by the Committee on Agriculture the Process of Analysis and Information Exchange was undertaken through open-ended informal meetings of the Committee primarily on the basis of papers submitted by Members. In the course of the 12 meetings of the AIE process held between March 1997 and September1999, 74 informal papers by a total of 36 Members, including 20 developing countries, were discussed. These papers covered a wide variety of topics. In addition, as requested by Members, the Secretariat contributed background papers to assist the work of the AIE process.[3] As had been agreed no conclusions were drawn from the discussions. When the AIE process ended in September1999, Members considered that it had been an effective and useful exercise and had served the purpose envisaged by Ministers.

Sanitary and Phytosanitary Measures

The Agreement on the Application of Sanitary and Phytosanitary Measures (the "SPS Agreement") sets out the rights and obligations of Members when taking measures to ensure food safety, to protect human health from plant – or animal-spread diseases, or to

[2] For more details concerning the Decision and its state of implementation, see Annex II to document G/L/322 dated 6 October 1999 which can be downloaded from the WTO website.

[3] The list of papers as well as the Chairman's summary of each AIE meeting is reproduced in Annex III to document G/L/322 referred to above.

protect plant and animal health from pests and diseases. Governments must ensure that their food safety and animal or plant health measures are necessary for health protection, are based on scientific principles, are transparent, and are not applied in a manner which would constitute a disguised restriction on international trade. The measures must be justifiable through an assessment of the health risks involved. The use of internationally-developed standards is encouraged. Advance notice must be given of proposed new regulations or modifications to requirements whenever these differ from the relevant international standards. Since 1 January 2000, the provisions of the SPS Agreement also apply for the least-developed countries.

The Committee on Sanitary and Phytosanitary Measures oversees the implementation of the SPS Agreement. It holds three or four regular meetings each year, supplemented by informal meetings as needed. At each of its regular meetings, the SPS Committee reviews the implementation of the SPS Agreement. Members raise specific issues of concern to them, including those related to notifications.

By 31 December 1999, the Committee had received over 1500 SPS notifications since the entry into force of the WTO. One hundred and eight Members had established and identified Enquiry Points to respond to requests for information regarding sanitary and phytosanitary measures, and 99 had identified their national authority responsible for notifications.

On 10–11 November 1999, the SPS Committee held its third regular meeting of the year. The Committee discussed, inter alia, specific trade concerns, the need for a more focused approach on the discussion of developing countries implementation of the SPS Agreement, and various requests for observer status. In respect of observers, the Committee agreed to invite to the next meeting, on an ad hoc basis, the following organizations: ACP Group, EFTA, IICA, OIRSA and SELA. The Committee continued its work of monitoring the use of international standards and made progress in developing practical guidelines to help Members achieve more consistency in their decisions regarding acceptable levels of health protection.

The SPS Committee also held a Special Meeting on the transparency provisions of the SPS Agreement on 9 November 1999. The emphasis of this meeting was on the implementation of these provisions in developing countries. The Secretariat sponsored the participation of officials from those least-developed countries which had notified either their enquiry point, notification authority or both (Bangladesh, Burkina Faso, Djibouti, Madagascar, Malawi, Tanzania, Uganda and Zambia). Capital-based experts from many Members, including from developing and least-developed countries, participated in the meeting. Members discussed issues relating to: (i) the setting up of enquiry points and notification authorities; (ii) domestic coordination on SPS related matters and the establishment of national SPS coordinating committees; (iii) using e-mail and the Internet as a way of increasing transparency; and, (iv) the development of a handbook on the transparency provision of the SPS Agreement to be published by the Secretariat in early 2000.

The WTO regularly provides technical assistance to developing and WTO-acceding countries to facilitate their implementation of the SPS Agreement. This assistance is usually provided either through WTO-organized programs or through WTO presentations in programs organized by other institutions. In the latter part of 1999, the WTO Secretariat participated in a regional food safety training workshop in Costa Rica, and another on food safety for developing countries in general in Australia; in a regional session on animal health and trade in the Middle East; in national seminars in the Philippines, Thailand and Mongolia; and in providing direct assistance and advice to Moldova in the context of its accession to the WTO.

As for dispute settlement, to date Panel and Appellate Body reports have been adopted for three distinct cases in the SPS area: EC-Hormones, Australia-Salmon and Japan-Varietals. Although no further panels have been established on new issues since 1 August 1999, one panel and one arbitration proceeding have commenced in respect of Australia-Salmon. On 28 July 1999, Canada requested the establishment of a panel to determine the consistency of Australia's measures in implementing the recommendation and rulings of the DSB (the Panel and Appellate Body reports were adopted by the DSB in November 1998), in accordance with Article 21.5 of the DSU. The matter was referred to the original panel, which was constituted on 7 September 1999. At the request of Australia, the same Panel was also charged with the task of arbitrating, in accordance with Article 22.6 of the DSU, the level of suspension identified by Canada in July 1999. The arbitration proceedings were, however, suspended until the completion of work by the Article 21.5 panel. Also with respect to Salmon, the Panel established on 16 June 1999 to examine a US complaint on Australia's import restrictions on salmon remained suspended pending completion of the Article 21.5 panel. In respect of Japan-Varietals, the United States and Japan agreed that the reasonable period of time for Japan to comply with the recommendations and rulings of the DSB would expire on 31 December 1999.

Subsequently Japan abolished, on 31 December 1999, the varietal testing requirement in dispute and notified that it expected to reach a mutually satisfactory solution with the United States in the near future.

Safeguards

WTO Members may take "safeguard" actions with respect to a product if increased imports of that product are causing, or threaten to cause, serious injury to the domestic industry that produces like or directly competitive products. Prior to the Uruguay Round, safeguard measures could be applied on the basis of Article XIX of GATT 1947, but were infrequently used, in part because some governments preferred to secure protection for their domestic industries by using "grey area" measures, such as voluntary export restraint agreements between exporting and importing countries.

The WTO Agreement on Safeguards, which entered into force on 1January 1995, broke new ground in establishing a prohibition against "grey area" measures. In particular, the Agreement stipulates that Members shall not seek, take or maintain any voluntary export restraints, orderly marketing arrangements or any other similar measures which afford protection. All such pre-existing measures were required to have been phased out by the end of 1998 (in the case of one specified measure – see below – by the end of 1999). The Agreement also establishes the substantive and procedural requirements for applying new safeguard measures.

During the period under review, the Committee established under the Agreement completed its review of national safeguard legislation which had been notified to the Committee as of mid-September 1999. To date, 84 Members have notified the Committee of their domestic safeguard legislations or made communications in this respect. Thirty-five Members have not, as yet, made such notifications as required by Article 12.6 of the Agreement. (The total of 119 Members used here reflects the fact that for this obligation, the EC submits a single notification that covers all 15 member States. The official total membership of the WTO (135) includes the EC Commission and the 15 individual member States.)

The Agreement requires Members that had grey area measures in force as of 1 January 1995 to have notified them, as well as timetables for their phase-out, to the Committee during 1995. The notifications of timetables received from Cyprus, the European Communities, the Republic of Korea, Slovenia and South Africa are reviewed by the Committee in the context of its monitoring and annual reporting to the Council for Trade in Goods required under the Agreement. These Members all indicated that their remaining pre-existing measures had been eliminated by 31 December 1998 as required by the Agreement (except for the EC/Japan arrangement on motor vehicles, which the Agreement permits to remain in force until 31 December 1999). The Agreement also requires notification and termination of any pre-existing safeguard measures imposed under Article XIX of GATT 1947. The European Communities and the Republic of Korea, which had notified such measures by the relevant deadline in 1995, reported on their progress in phasing them out. Nigeria also notified such measures, after the deadline.

Members are required to notify the Committee immediately upon taking any action related to safeguard measures. During 1999, the Committee reviewed notifications of the initiation of investigations regarding serious injury or threat thereof and the reasons for it received from Colombia, the Czech Republic, Ecuador, India, Latvia, the Slovak Republic, Slovenia and the United States. The Committee reviewed notifications of application of provisional safeguard measures received from the Czech Republic, Latvia, the Slovak Republic, and Slovenia. The Committee reviewed notifications of findings of serious injury (or threat thereof) due to increased imports received from Australia, Egypt, India and the United States. The Committee reviewed notifications of termination of a safeguard investigation with no safeguard measure imposed received from Australia and India.

During 1999, the Committee reviewed notifications related to decisions to apply safeguard measures, and related to the exclusion from application of safeguard measures of those developing countries whose shares of imports are below the thresholds set forth in Article 9.1 of the Agreement, received from Argentina, Egypt, India, and the United States.

During 1999, the Committee reviewed notifications of the results of mid-term reviews of safeguard measures in effect received from Brazil and the Republic of Korea.

During 1999, the Committee reviewed notifications that were received in time for consideration at the two 1999 regular meetings. Other notifications received during 1999 will be reviewed at the May 2000 regular meeting of the Committee.

Table IV.3

"Rules" Notifications submitted by WTO Members

Member	Anti-Dumping			Countervailing Duties			Subsidies	State Trading	Safeguards
	Legislation	Semi-Annual Reports*		Legislation	Semi-Annual Reports*		(Articles 25 & XVI) (Updating 99)	Article XVII:4(a) & XVII (Updating 99)	Legislation
		July-Dec. 98	Jan.-June 99		July-Dec. 98	Jan.-June 99			
Angola									
Antigua and Barbuda									
Argentina	X	X	X	X	X	X	X	X	X
Australia	X	X	X	X	X	X			X
Bahrain	X				X				X
Bangladesh									
Barbados	X			X					
Belize									
Benin	X			X					X
Bolivia	X	X		X	X		X	X	X
Botswana	X								X
Brazil	X	X	X	X	X	X			X
Brunei Darussalam	X	X			X				X
Bulgaria	X	X	X	X	X	X			X
Burkina Faso	X	X	X		X	X			
Burundi									
Cameroon									
Canada	X	X	X	X	X	X			X
Central African Republic									
Chad	X			X					
Chile	X	X	X	X	X	X	X	X	X
Colombia	X	X	X	X	X				X
Congo									
Congo, Dem. Rep.									
Costa Rica	X	X	X	X	X	X			X
Côte d'Ivoire	X								X
Cuba	X	X	X	X	X	X			X
Cyprus	X	X		X	X				X
Czech Republic	X	X	X	X	X	X	X		X
Djibouti									
Dominica	X	X		X					X
Dominican Republic	X	X	X	X	X	X			X
EC	X	X	X	X	X	X	X		X
Ecuador	X			X					X
Egypt	X	X	X	X	X	X	X		X
El Salvador	X		X	X		X		X	X
Fiji	X	X	X	X	X	X			X
Gabon									
Gambia		X			X				
Ghana	X	X		X	X				X
Grenada									
Guatemala	X	X	X	X	X	X	X		X
Guinea Bissau									
Guinea, Rep. of	X			X					X
Guyana									
Haiti	X			X				X	X
Honduras	X	X	X	X	X	X			X
Hong Kong, China	X	X	X	X	X	X	X	X	X
Hungary	X	X	X	X	X	X		X	X
Iceland	X	X	X	X	X	X	X	X	X
India	X	X	X	X	X	X			X
Indonesia	X	X	X	X	X	X			X
Israel	X	X	X	X	X	X		X	X
Jamaica	X			X					X

Table IV.3 *(continued)*

"Rules" Notifications submitted by WTO Members

Member	Anti-Dumping			Countervailing Duties			Subsidies	State Trading	Safeguards
	Legislation	Semi-Annual Reports*		Legislation	Semi-Annual Reports*		(Articles 25 & XVI) (Updating 99)	Article XVII:4(a) & XVII (Updating 99)	Legislation
		July-Dec. 98	Jan.-June 99		July-Dec. 98	Jan.-June 99			
Japan	X	X	X	X	X	X	X		X
Kenya	X			X					X
Korea, Rep. of	X	X	X	X	X	X	X		X
Kuwait									
Kyrgyz Republic	X	X	X	X		X			X
Latvia	X	X	X	X	X	X		X	X
Lesotho									
Liechtenstein	X	X	X	X	X	X	X		X
Macau, China	X	X	X	X	X	X	X	X	X
Madagascar		X							
Malawi	X			X					
Malaysia	X	X		X	X				X
Maldives	X			X	X	X			X
Mali									
Malta	X	X	X	X	X	X		X	X
Mauritania									
Mauritius	X			X					X
Mexico	X	X	X	X	X			X	X
Mongolia	X			X					X
Morocco	X	X	X	X		X			X
Mozambique									
Myanmar									X
Namibia	X	X	X	X	X		X	X	X
New Zealand	X	X	X	X	X			X	X
Nicaragua	X	X	X	X					X
Niger									
Nigeria									X
Norway	X	X	X	X	X	X	X	X	X
Pakistan	X			X					X
Panama	X	X	X	X	X	X			X
Pap. New Guinea									
Paraguay	X	X		X	X				X
Peru	X	X	X	X	X	X			X
Philippines	X	X	X	X	X	X			X
Poland	X	X	X	X	X	X	X		X
Qatar	X	X	X	X	X	X		X	X
Romania	X	X	X	X	X			X	X
Rwanda									
Saint Kitts & Nevis									
Saint Lucia	X			X					X
Saint Vincent & Grenadines									
Senegal	X			X					X
Sierra Leone									
Singapore	X	X	X	X	X	X	X	X	X
Slovak Republic	X	X	X	X			X	X	
Slovenia	X	X	X	X	X	X		X	X
Solomon Islands									
South Africa	X	X	X	X	X	X			X
Sri Lanka	X	X	X	X	X	X			X
Suriname	X			X				X	
Swaziland	X								
Switzerland	X	X	X	X	X	X	X		X
Tanzania									
Thailand	X	X		X	X				X

Table IV.3 *(continued)*

"Rules" Notifications submitted by WTO Members

Member	Anti-Dumping			Countervailing Duties			Subsidies	State Trading	Safeguards
	Legislation	Semi-Annual Reports*		Legislation	Semi-Annual Reports*		(Articles 25 & XVI) (Updating 99)	Article XVII:4(a) & XVII (Updating 99)	Legislation
		July-Dec. 98	Jan.-June 99		July-Dec. 98	Jan.-June 99			
Togo									
Trinidad & Tobago	X	X	X	X		X			X
Tunisia	X	X	X	X	X	X			X
Turkey	X	X	X	X	X	X	X	X	X
Uganda	X			X				X	
United Arab Emirates	X	X	X	X				X	
United States	X	X	X	X	X	X			X
Uruguay	X	X	X	X	X	X	X		X
Venezuela	X	X	X	X	X	X			X
Zambia	X	X		X	X			X	X
Zimbabwe	X	X		X	X				X
Total**	**87/119**	**67/119**	**54/119**	**81/119**	**63/119**	**52/119**	**21/119**	**19/119**	**84/119**

X=notification submitted

* Tally reflects semi-annual reports for the period 1 July–31 December 1998, due 26 February1999 and 1 January–30 June 1999, due 31 August 1999.

* * The denominator used here (119) reflects the fact that for each obligation, the EC submits a single notification that covers all 15 Member States. The official total membership of the WTO (134) includes the EC Commission plus the 15 individual EC Member States.

Subsidies and countervailing measures

The Agreement on Subsidies and Countervailing Measures ("Agreement"), which entered into force on 1January 1995, regulates the provision of subsidies and the imposition of countervailing measures by Members. The Agreement applies to subsidies that are specific to an enterprise or industry or group of enterprises or industries within the territory of a Member. Specific subsidies are divided into three categories: prohibited subsidies under Part II of the Agreement, actionable subsidies under Part III of the Agreement, and non-actionable subsidies under Part IV of the Agreement. (As discussed below, as of 31 December 1999, there was no consensus in the Committee on Subsidies and Countervailing Measures ("Committee"), pursuant to Article 31 of the Agreement, to extend the non-actionable subsidy provisions of the Agreement beyond their five-year period of provisional application, which ended on 31 December 1999.) Part V of the Agreement contains detailed rules regarding the conduct of countervailing duty investigations and the application of countervailing measures by Members. Parts VIII and IX of the Agreement provide special and differential treatment, respectively, for developing-country Members and for Members in transformation to a market economy.

Notification and review of subsidies

Transparency is essential for the effective operation of the Agreement. To this end, Article 25 of the Agreement requires that Members make a new and full notification of specific subsidies every third year, with the first such notification due on 30 June 1995, and that Members submit an updating notification on 30 June of the intervening years. As of 31 December 1999, 38 Members (counting the EC as a single Member) had submitted a 1998 new and full notification, of which 14 notified that they provided no specific subsidies. Twenty-one Members had submitted 1999 updating notifications. The Committee continued its review of 1998 new and full notifications at a special meeting in November1999.

Notification and review of countervailing legislation

Pursuant to Article 32.6 of the Agreement and a decision of the Committee, Members were required to notify their countervailing duty legislation and/or regulations (or the lack thereof) to the Committee by 15 March 1995. As of 31 December 1999, 82

Members (counting the EC as a single Member) had submitted such a notification. Of these, 25Members notified new legislation designed to implement the Marrakesh Agreement, 32Members notified pre-existing legislation, and 25Members notified that they had no countervailing duty legislation. Forty Members had not submitted a notification. During the period 1 August 1999 through 31 December 1999, the Committee continued the task of reviewing notifications of legislation during the course of its regular meeting. Both new notifications of legislation and notifications that had previously been the subject of review were reviewed at the Committee's regular meeting in November 1999.

Non-actionable subsidies

Article 8 of the Agreement provides that subsidy programmes for which non-actionable status is invoked shall be notified to the Committee in advance of implementation. The notified programmes shall be reviewed by the Committee upon the request of a Member with a view to determining whether the criteria for non-actionability have not been met. Thereafter, upon request of a Member, the determination of the Committee, or lack thereof, shall be submitted to binding arbitration. As of 31 December 1999, no notifications of non-actionable subsidies pursuant to Article8 had been received by the Committee. (See below concerning the Committee's review of the operation of Articles 6.1, 8 and 9 of the Agreement.)

Permanent Group of Experts

The Agreement provides for the establishment of a Permanent Group of Experts ("PGE"), composed of five independent persons highly qualified in the fields of subsidies and trade relations. The role of the PGE involves the provision of assistance to panels with respect to whether a subsidy is prohibited, as well as the provision of advisory opinions at the request of the Committee or a Member.[4] Although the PGE has drafted Rules of Procedure and submitted them to the Committee for its approval, the draft Rules have not yet been approved by the Committee.

Informal Group of Experts

Under Article 6.1(a) of the Agreement, ad valorem subsidization of a product in excess of 5% gives rise to a presumption of serious prejudice to the interests of another Member.

AnnexIV to the Agreement sets forth certain methodological approaches for determining whether the 5% level has been met, but states that an understanding among Members should be developed as necessary on matters regarding this calculation which are not specified in the Annex or require clarification. In 1995, the Committee created an Informal Group of Experts whose terms of reference are to examine any such matters and to report to the Committee such recommendations as could assist the Committee in the development of such an understanding. The Group submitted its second and final report to the Committee in autumn 1999, thus completing its mandate from the Committee.

As of 31 December 1999, there was no consensus in the Committee, pursuant to Article 31 of the Agreement, to extend this provision beyond its five-year period of provisional application, which ended on 31 December 1999.

Countervailing actions

Countervailing actions taken during the period 1 January–31 December 1999 are summarized in Tables IV.4 and IV.5. The tables are incomplete because certain Members have not submitted one or both of their semi-annual reports on countervailing actions or have not provided all of the information required by the format adopted by the Committee. The data available indicate that 36new countervailing duty investigations were initiated in 1999. As of 31 December 1999, Members reported 108 countervailing measures (including undertakings) in force.

Review of the operation of Articles 6.1, 8 and 9 of the Agreement

Article 31 of the Agreement provides that Articles 6.1, 8 and 9 shall apply for a period of five years from the date of entry into force of the WTO Agreement (i. e., until 31 December 1999), and that not later than 180 days before the end of this period the Committee shall review their operation, with a view to determining whether to extend their application, either as presently drafted or in modified form, for a further period. During the period covered by this report, the Committee continued its review of the operation of these provisions through a process of bilateral and multilateral consultations. No consensus was reached in the Committee as to the extension of these provisions.

[4]The current membership of the PGE is as follows: Mr. Marco Bronckers, private attorney in the trade law area and Professor of Law at the University of Leyden; Mr. Renato Galvao Flores Junior, Professor of Law at Universidade Federal do Rio de Janeiro; Mr. A. V. Ganesan, former Commerce Secretary and former chief Uruguay Round negotiator for India; Mr. Gary Horlick, private attorney in the trade law area; and Mr. Robert Martin, former Secretary of the Canadian International Trade Tribunal and former GATT negotiator for Canada.

Table IV.4

Summary of countervailing duty actions, 1999[1]

Reporting party	Initiations	Provisional measures	Definitive duties	Undertakings	Measures in force on 31.12.99
Argentina	0	0	0	0	3
Australia	0	0	0	0	5
Brazil	0	0	0	0	6
Canada	3	0	0	0	5
European Community	20	5	3	0	6
Mexico	0	0	0	0	11
New Zealand	0	0	0	0	3
South Africa	2	0	0	0	0
United States	10	2	6	0	61
Venezuela	1	0	0	0	3
TOTAL	**36**	**7**	**9**	**0**	**108**

[1]The reporting period covers 1 January-31 December 1999. The table is based on information from Members that have submitted semi-annual reports and is incomplete due to a significant number of missing notifications.

Table IV.5

Exporters subject to initiations of countervailing investigations, 1999[1]

Affected Country	Initiations	Affected Country	Initiations
Australia	1	Italy	1
Brazil	1	Korea, Rep. of	3
Chile	1	Malaysia	2
Chinese Taipei	5	Philippines	1
Former Yugoslav Rep. of	1	Singapore	1
France	1	South Africa	1
India	6	Thailand	5
Indonesia	5	Venezuela	1
		TOTAL	36

[1]The reporting period covers 1 January-31 December 1999. The table is based on information from Members that have submitted semi-annual reports and is incomplete due to a significant number of missing notifications.

Anti-dumping practices

The Agreement on Implementation of Article VI of GATT 1994 ("the Agreement") entered into force on 1 January 1995. Article VI of GATT 1994 allows Members to apply anti-dumping measures on imports of a product with an export price below its "normal value" (usually, the comparable price of the product in the domestic market of the exporting country) if such imports cause or threaten to cause material injury to a domestic industry. The Agreement sets forth detailed rules concerning the determinations of dumping, injury, and causal link, and the procedures to be followed in initiating and conducting anti-dumping investigations. It also clarifies the role of dispute settlement panels in disputes concerning anti-dumping actions taken by WTO Members.

Notification and review of anti-dumping legislation

WTO Members are under a continuing obligation to notify their anti-dumping legislation and/or regulations (or the lack thereof). Thus, Members who enact new legislation or amend existing legislation are required to notify the new text or amendment. As of 31 December 1999, 87 Members (counting the EC as a single Member) had submitted notifications regarding anti-dumping legislation or regulations. Of these, 30 Members had notified new legislation designed to implement the WTO Agreement, 32 Members had notified pre-existing legislation, and 25 Members had notified that they had no anti-dumping legislation or regulations. 33Members have not yet submitted a notification. The status of notifications pursuant to Article 18.5 may be found in Table V.7. The Committee continued the on-going review of Members' notifications of legislation at its regular meeting in October 1999, based on written questions and answers.

Subsidiary bodies

The Ad Hoc Group on Implementation considers, principally, technical issues concerning the Agreement, and seeks to develop agreement concerning implementation issues for consideration by the Committee. At its meeting in October 1999, the Ad Hoc Group began discussing a series of topics newly referred to it by the Committee in April 1999, as well as continuing discussions from earlier meetings. Discussion proceeded on the basis of papers submitted by Members, draft recommendations prepared by the Secretariat, and information submitted by Members concerning their own practices.

In the Informal Group on Anti-Circumvention, Members discuss the matters referred to the Committee by Ministers in the Ministerial Decision on Anti-Circumvention. The Informal Group met in October 1999 and continued discussions on the first topic under the agreed framework for discussions, "what constitutes circumvention". In addition, the Informal Group decided to begin discussion of the second topic, "what is being done by Members confronted with what they consider to be circumvention".

Anti-dumping actions

Anti-dumping actions taken during the period 1 January – 30 June 1999[5] are summarized in Tables V.6 and V.7. The tables are incomplete because certain Members have not

Table IV.6

Summary of Anti-Dumping Actions, January-June 1999[1]

1999[2]	Initiations	Provisional measures	Definitive Duties	Price Undertakings	Measures in force on 31June
Argentina	11	3	2	3	42
Australia	10	0	6	0	48
Brazil	1	0	0	0	35
Canada	10	13	1	1	77
Chile	0	0	0	0	2
Colombia	2	0	4	0	13
Costa Rica	0	0	0	0	0
Czech Republic	0	0	0	0	n.a.[3]
Ecuador	0	0	0	0	n.a.[3]
Egypt	0	0	5	0	n.a.[3]
EC	32	11	10	0	183
Guatemala	0	0	0	0	1
India	40	4	0	0	73
Indonesia	0	6	7	0	n.a.[3]
Israel	0	1	1	0	8
Japan	0	0	0	0	1
Korea, Rep. of	2	0	0	0	28
Malaysia	1	1	0	0	n.a.[3]
Mexico	7	3	5	0	88
New Zealand	3	0	0	0	21
Nicaragua	0	0	0	1	n.a.[3]
Panama	0	0	0	0	n.a.[3]
Peru	5	3	1	0	7
Philippines	0	0	1	0	n.a.[3]
Poland	3	0	1	0	1
Singapore	0	0	0	0	2
Slovenia	1	0	0	0	n.a.[3]
South Africa	7	9	22	0	86
Thailand	0	0	1	1	4
Trinidad and Tobago	3	0	0	1	2
Turkey	6	0	0	0	34
US	28	12	11	0	336
Venezuela	5	5	5	0	9
Total	178	71	76	5	1097

[1]The reporting period covers 1 January 1999–30 June 1999. The table is based on information from Members having submitted a semi-annual report for that period and is incomplete due to missing reports and/or missing information in reports.

[2]Includes definitive price undertakings.

[5]Information for the second half of 1999 was not yet available at the time this report was prepared. Information for calendar year 1998 can be found in the 1999 annual report of the WTO.

Table IV.7

Exporters subject to two[1] or more initiations of anti-dumping investigations, January-June 1999[2]

Affected country	Total	Affected country	Total
EC and/or its member States	20	Turkey	6
Korea, Rep. of	18	Czech Republic	4
China	16	Romania	4
Japan	11	Belarus	3
Russian Federation	10	Hungary	3
Thailand	10	Slovak Republic	3
Chinese Taipei	9	Argentina	2
Brazil	8	Lithuania	2
Indonesia	8	Singapore	2
United States	7	South Africa	2
India	6	Yugoslavia	2
Ukraine	6		
		Total	**162[3]**

[1]Countries the subject of only one initiation of an anti-dumping investigation were: Algeria, Australia, Bahrain, Bulgaria, Chile, Croatia, Cuba, Hong Kong, China, Iran, Former Yugoslav Republic of Macedonia, Malaysia, Mexico, New Zealand, Saudi Arabia, Switzerland, Venezuela, and Yugoslavia.

[2]The reporting period covers 1 January 1999 – 30 June 1999. The table is based on information from Members having submitted a semi-annual report for that period and is incomplete due to missing reports and/or missing information in reports.

[3]Does not include exporters subject to only one initiation. The total number of initiations was 178.

submitted the required semi-annual report of anti-dumping actions for this period or have not provided all the information required by the format adopted by the Committee. The data available indicate that 178 investigations were initiated in the first six months of 1999. The most active Members during this period, in terms of initiations of anti-dumping investigations, were India (40), the European Community (32), the United States (28) Argentina (11) and Australia and Canada (ten each). As of 30 June 1999, 22 Members reported anti-dumping measures (including undertakings) in force. Of the 1097 measures in force reported, 31% were maintained by the United States, 17% by the European Community, 8% each by Mexico and South Africa, and 7% each by Canada and India. Other Members reporting measures in force each accounted for 5% or less of the total number of measures in force. Products exported from the EC or its member States were the subject of the most anti-dumping investigations initiated during the year (20), followed by products exported from the Republic of Korea (18), China (16), Japan (11), and the Russian Federation and Thailand (teneach).

Technical barriers to trade

The Agreement on Technical Barriers to Trade is aimed at ensuring that activities relating to mandatory technical regulations, voluntary standards and their conformity assessment procedures do not create unnecessary obstacles to trade. For the purpose of transparency, WTO Members are required to fulfil notification obligations and establish national enquiry points.

During the period from 1 August 1999 to 31 December 1999, the Committee held one meeting where statements were made on the implementation and administration of the Agreement. A number of Members informed the Committee of measures taken to ensure the implementation and administration of the Agreement. Several measures were brought to the attention of the Committee by Members who raised concerns about the potential adverse trade effects or inconsistency with the Agreement of those measures (G/TBT/M/17). The Committee continued discussions on the following elements related to the Triennial Review of the Operation and Implementation of the Agreement: Implementation and Administration of the Agreement by Members; Preparation, Adoption and Application of Technical Regulations; International standards; Conformity Assessment Procedures; Technical Assistance; and Special and Differential Treatment. Further papers and proposals were submitted by a number of Members for the consideration of the Committee.

State trading enterprises

The Working Party on State Trading Enterprises was established in accordance with paragraph 5 of the Understanding on the Interpretation of Article XVII of the GATT 1994

and held its first meeting in April 1995. Since the 1999 Annual Report, the Working Party held one formal meeting in October 1999. The Working Party's main task is to review the notifications and counter-notifications submitted by Members on their state trading activities. The Working Party was also charged with two other tasks by the Ministers at Marrakesh: (i) to examine, with a view to revising, the questionnaire on state trading adopted in November 1960; and (ii) to develop an illustrative list of the kinds of relationships between governments and state trading enterprises and the kinds of activities engaged in by these enterprises.

Reviews of the notifications submitted are conducted in formal meetings of the Working Party. The first series of new and full notifications on state trading enterprises was required of all Members by the deadline of 30 June 1995, and subsequent new and full notifications are required every third year, also by the deadline of 30 June. Updating notifications must be submitted in each of the intervening two years; thus, updating notifications were due by 30 June 1996, by 30 June 1997, and by 30 June 1999. All notifications must be made by all Members, regardless of whether the Member maintains any state trading enterprises and regardless of whether an existing state trading enterprise has conducted any trade during the period under review.

With regard to the main task of the Working Party – the review of notifications – at its meeting of October 1999, the Working Party reviewed 18 notifications: 1999 updating notifications of Bolivia; Iceland; Latvia; Macau, China; Namibia; New Zealand; Norway; Qatar; Slovak Republic; Slovenia; and Zambia; 1998 new and full notifications of Latvia; Macau, China; Namibia; Slovak Republic; Slovenia; and Zambia; and 1996 updating notification of Macau, China. At this meeting, the Working Party also adopted its 1999 Report to the Council for Trade in Goods.

Concerning its other tasks, the illustrative list of state trading relationships and activities (contained in G/STR/4) – approved by the Working Party at its July 1999 meeting – was adopted by the Council for Trade in Goods at its October 1999 meeting. As reported previously, the Working Party approved a revised questionnaire (contained in document G/STR/3) at its April 1998 meeting, which was adopted by the Council for Trade in Goods at its meeting later in April 1998. This questionnaire has been in use since then as the format for notifications by Members.

Import licensing procedures

The Agreement on Import Licensing Procedures establishes disciplines on the users of import licensing systems with the principal objective of ensuring that the procedures applied for granting import licences do not in themselves restrict trade. It contains provisions to ensure that automatic import licensing procedures are not used in such a manner as to restrict trade, and that non-automatic import licensing procedures (licensing for the purposes of implementation of quantitative or other restrictions) do not act as additional restrictions on imports over and above those which the licensing system administers, and are not administratively more burdensome than absolutely necessary to administer the relevant measures. By becoming Members of the WTO, governments commit themselves to simplifying and bringing transparency to their import licensing procedures and to administering them in a neutral and non-discriminatory manner.

The obligations contained in the Agreement include publication of import licensing procedures, notification to the Committee on Import Licensing, fair and equitable application and administration, simplification of procedures and provision of foreign exchange to pay for licensed imports. The Agreement establishes time limits for processing of licence applications, publication of information concerning licensing procedures and notification to the Committee.[6]

The Committee on Import Licensing affords Members the opportunity of consulting on matters relating to the operation of the Agreement or the furtherance of its objectives, and reviews periodically the implementation and operation of the Agreement. During the period from 1 August to 31 December 1999, three Members have notified to the Committee their laws and regulations pursuant to Articles1.4(a) and 8.2(b) of the Agreement. Nine (counting the EC as a single Member) have submitted replies to the Questionnaire on Import Licensing Procedures pursuant to Article7.3 and two have submitted notifications relating to the institution of import licensing procedures or changes in those procedures pursuant to Article 5. The Committee held one meeting during the period covered and reviewed notifications submitted by Ghana, Malta and Peru under Article7.3.

Rules of origin

The main objective of the Agreement on Rules of Origin is to harmonize non-preferential rules of origin and to ensure that such rules do not themselves create unnecessary obstacles

[6] See also Guide to the Uruguay Round Agreements, Part Two, Section 1.9(d).

to trade. The Agreement sets out a Harmonization Work Programme (HWP) for the harmonization of non-preferential rules of origin to be accomplished by the Committee on Rules of Origin (CRO) in conjunction with the World Customs Organization's Technical Committee on Rules of Origin (TCRO).

Much work was done in the CRO and the TCRO and substantial progress has been achieved in the three years foreseen in the Agreement for the completion of the work. However, due to the complexity of the issues the HWP could not be finalized within the foreseen deadline. In July 1999 Members agreed that the CRO should continue its work, and agreed to commit themselves to make their best endeavours to complete the HWP by November 1999. It was not possible to complete the work by November 1999 and in January 2000 the CRO agreed on a work programme for the year 2000.

The CRO has held two meetings in October and November 1999. The CRO discussed the overall architecture of the harmonized rules of origin. With regard to the outstanding issue concerning the application of primary and residual rules, which has been an important area for making further progress, Members have continued to make further progress in addressing these issues. However, final resolution is still required on a number of key issues. The CRO reached consensus on the text of paragraph 3 of Appendix 1, "Accessories and spare parts and tools" (G/RO/41, page 7) and the corresponding text of Rule 5(a) of Appendix 2 (G/RO/41, page 15). The results of this work have been reflected in the Integrated Negotiating Text (G/RO/41, pages 2–35). The CRO discussed 89 product-specific rules of origin for chapters 25–27 (minerals), 28–40 (chemicals), 41–43 (leather), 44–49 (wood and paper), 68–70 (ceramics), 71 (precious stones and metals) and 72–73 (iron and steel). The CRO reached consensus for Option B of Issue No. 2 of chapters 25–27 and for Chapter Notes 4 and 5 of chapter 33. There was growing consensus on 14 issues. On several issues the number of options were narrowed down.

Customs valuation

The WTO Agreement on Implementation of Article VII of the GATT 1994, known as the Customs Valuation Agreement, entered into force on 1 January 1995. Originally, the Customs Valuation Agreement was one of the Tokyo Round Codes which resulted from the Tokyo Round negotiations. The Tokyo Round Code sought to replace the many different national valuation systems in existence at the time with a set of straightforward rules which provide a fair, uniform and neutral system and preclude the use of arbitrary or fictitious values. The Agreement gave greater precision to the provisions on customs valuation already found in Article VII of the GATT and has led to the harmonization of valuation systems and greater predictability in duties payable by traders. The WTO Customs Valuation Agreement and the Tokyo Round Customs Valuation Agreement do not differ in a substantive manner. During the period under consideration, the Committee has held two formal meetings (on 4October 1999 and on 12and 25November and 17December 1999).

In the area of notifications, Members are to ensure that their laws, regulations and administrative procedures conform with the provisions of the Agreement, and are required to inform the Committee on Customs Valuation of any changes in this regard. Such notifications are subject to examination in the Committee. The Committee examined the national legislations of nineMembers. It concluded examination of the legislations of the Czech Republic, Gabon, Israel, Morocco, Namibia and Panama, and those of Brazil, and Romania will be reverted to by the Committee for further examination.

The WTO Agreement on Customs Valuation also provides several special and differential treatment provisions for developing country Members in Article 20 and Annex III of the Agreement. In particular Article 20.1 of the Agreement envisages the possibility for a developing country member to delay implementing the Agreement for a period not exceeding five years. This period of time is to be used by the Member to make the transition to the Customs Valuation Agreement. In addition, Article 20.3 of the Agreement provides that developed-country Members furnish technical assistance to developing-country Members that so request. Fifty-six developing-country Members have invoked delayed application of the provisions of the Agreement and are to apply the Agreement within a one to two-year period. For this reason, the Committee has continued to focus on the question of technical assistance. Developed-country Members have informed the Committee on the technical assistance activities they had conducted or were conducting, and the Secretariat has briefed the Committee on the 34 Technical Assistance missions it has carried out.

During the period under review, the Committee spent a significant amount of time examining three requests to retain minimum prices beyond the of implementation of the Agreement (minimum prices are prohibited by the Agreement, however developing-country Members may request to retain such a system under such terms and conditions to be fixed by the Committee). The Committee reached agreement at its last meeting of the year on the terms and conditions under which these three members – Gabon, Honduras and Malta –

could retain these minimum prices. At this meeting, the Committee also examined requests from Kuwait, Myanmar, Sir Lanka, Paraguay, Senegal, Côte d'Ivoire and Tanzania for an extension of the delay period under paragraph 1 of Article 20 for an additional two years, and agreed Decisions for Kuwait, Paraguay and Tanzania.

At its meeting of 4October 1999, the Committee adopted its 1999 report to the Council for Trade in Goods. Adoption of the fourth and fifth annual reviews remains blocked by an unresolved issue concerning one Member's interpretation of paragraph2, AnnexIII of the Agreement. Article 18 of the Agreement established a WTO Technical Committee, under the auspices of the World Customs Organization (WCO) to promote at the technical level uniformity of interpretation and application of the Agreement. The Technical Committee presented reports on its Ninth Session (22–26 November 1999).

Preshipment inspection

This Agreement concerns the practice of employing specialized private companies to check shipment details – essentially price, quantity and quality – of goods, ordered overseas. The Agreement on Preshipment Inspection came into force in January 1995 for all WTO Members.

The Agreement applies to all pre-shipment inspection activities carried out on the territory of WTO Members, whether such activities are contracted or mandated by the government, or any government body, of a Member. Approximately 40 governments employ PSI companies, which are contracted to examine and report on the quantity, quality and unit prices of export goods prior to shipment. Of these, 35 are Members of the WTO. Generally the inspection activities are carried out in the country of export by company officials hired by the country of import.

Contracts vary as to product coverage and emphasis but are generally intended to control, or aid in the control of, any or all of the following practices: i)over-invoicing of imports; ii)under-invoicing of imports; iii)misclassification of imports; iv)under-collection of taxes due on imports; and v)misappropriation of donor funds provided for import support. Additional services may include verification of origin, monitoring of compliance with national regulations, monitoring and control of tariff exemptions, assistance in the establishment of customs valuation data, trade facilitation, and some consumer protection.

Most provisions of the Agreement contain obligations for user Members, who are expected to ensure fulfilment of the obligations through their contractual arrangements with the inspection agencies. These obligations include non-discrimination, transparency, protection of confidential business information, avoidance of unreasonable delay, the use of specific guidelines for conducting price verification and the avoidance of conflicts of interest by PSI agencies. The obligations of exporting Members towards PSI users include non-discrimination in the application of domestic laws and regulations and the provision of technical assistance where requested. Article 5 of the Agreement provides for notification of laws and regulations by which Members put the Agreement into force as well as of any other laws and regulations relating to PSI. Since the last update (February 1998), 13 Members reported that they have no laws and/or regulations relating to PSI, six Members notified their current laws and/or regulations or changes in these laws and/or regulations, and three Member notified changes to their legislation.

In December 1995, the General Council adopted the Agreement Establishing the Independent Entity (IE) as foreseen in Article4 of the Agreement, which calls for an independent review procedure to resolve disputes between an exporter and a preshipment inspection (PSI) agency. The IE is jointly constituted by the International Chamber of Commerce (ICC), the International Federation of Inspection Agencies (IFIA), and the WTO, and is to be administered by the WTO. At its meeting of December 1995, the General Council also adopted the rules of procedures for the IE and agreed that a moratorium on the acceptance of review applications would be put in place until the ICC and the IFIA confirmed that all administrative and procedural requirements necessary to make the IE operational were completed. In April confirmation was received and the IE became operational on 1 May 1996. A List of Experts to serve as panelists for the reviews was also circulated to Members, affiliates and contacts around the world. During the period under review, no application for a case had been received.

The WTO's General Council, at its meeting of 7, 8 and 13November 1996 agreed to the establishment of a Working Party on Preshipment Inspection with a mandate to conduct the review of the Agreement provided for under Article 6 of the Agreement. The Working Party reported to the General Council in December 1997. The report (G/L/214) contained a number of recommendations which were adopted by the General Council, in particular one recommendation extended the life of the Working Party for one year to exchange views on a Code of Conduct/Practice for PSI entities; a standard inspection format; selective examination of shipments; auditing of PSI entities; the promotion of competition among PSI

entities; fee structures for PSI entities; and the use, to user Members of building price data bases.

The Working Party submitted its final report to the General Council (G/L/390). This report contained the recommendation that future monitoring of the Agreement should be undertaken initially by the Customs Valuation Committee, and that PSI should be a standing agenda item.

Trade-Related investment measures

Under the Uruguay Round Agreement on Trade-Related Investment Measures, WTO Members are required to eliminate the use of trade-related investment measures (TRIMs) that are inconsistent with Article III or Article XI of GATT 1994, subject to the exceptions permitted under GATT 1994.

Members were given a transition period to eliminate TRIMs notified within 90 days of the entry into force of the WTO Agreement – two years in the case of developed-country Members, five years in the case of developing-country Members, and seven years in the case of least-developed country Members. Twenty-six such notifications were made.

The TRIMs Agreement provides that the Council for Trade in Goods may extend the transition period at the request of an individual developing or least-developed country Member which demonstrates particular difficulties in implementing the provisions of the Agreement. As of 31December 1999, Argentina, Chile, Colombia, Malaysia, Mexico, Pakistan, the Philippines and Romania had submitted such requests. Consideration of the requests is pending.

At its October 1999 meeting, the Council for Trade in Goods began the Article 9 review of the operation of the TRIMs Agreement.

V. Trade in services

Council for Trade in Services

The Council for Trade in Services has held two formal meetings during the period 1August 1999 – 31 December 1999. Reports on the meetings are contained in documents S/C/M/39–40.

Acceptance of the Fifth Protocol

By the deadline of 29 January 1999, the Fifth Protocol, containing the commitments assumed in the negotiations on financial services in December 1997, had been accepted by 53 out of 71participating Members. For all the accepting Members, the Protocol entered into force on 1 March 1999, while the Services Council agreed that it should remain open for acceptance by those Members who had not yet done so from 15February until 15June 1999 (five Members accepted within that time period). At the meeting held on 21September 1999, following a request from Costa Rica and Nicaragua, the Council adopted a decision to re-open the Fifth Protocol for acceptance by these two Members. Members welcomed as a positive development the fact that Costa Rica and Nicaragua could accept the Fifth Protocol, but stressed that deadlines had an important function and that they must be observed. They agreed that the re-opening in this case was an exceptional and ad hoc procedure.

At the meeting held on 18 October 1999, the Council reviewed the status of acceptances of the Fifth Protocol: ten out of 71 participating Members were yet to accept. Some delegations expressed concern and disappointment about the status of acceptances of the Fifth Protocol and stressed the importance of full and immediate implementation of WTO obligations by Members. Members who had not yet accepted the Fifth Protocol were invited to provide an update of the reasons for such a delay.

Assessment of trade in services – Article XIX:3 of the GATS

Paragraph 3 of Article XIX of the GATS provides that for each round of negotiations, guidelines and procedures shall be established. For this purpose, the same provision calls upon the Council to carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of the GATS, including those set out in paragraph 1 of Article IV.

At the meetings held on 21 September and 18 October 1999, the Council continued the discussions on the assessment of trade on the basis of papers submitted by delegations, background papers prepared by the WTO Secretariat and a paper submitted by the UNCTAD Secretariat entitled: "Assessment of Trade in Services: Possible Contribution by UNCTAD".

The view of many delegations was that the assessment of trade in services should be regarded as an on-going process rather than as a concluded exercise. It was therefore concluded that this item would remain on the Council agenda.

Preparation for negotiations under Article XIX – Negotiating guidelines and procedures

At its meeting in September 1999 the Services Council held substantive discussions on the negotiating guidelines and procedures required by Article XIX of the GATS. Written submissions were presented by various delegations. In addition, several delegations also expressed their views at the meetings on what the negotiating guidelines should contain. Members considered it useful to hold discussions on negotiating guidelines in the Services Council, without prejudice to decisions in the General Council. The discussions revealed a high degree of convergence between the views expressed by delegations.

Systemic issues arising from Article V of the GATS

At the meetings held on 21 September and 18 October 1999, the Council continued discussions on issues relating to Article V of the GATS (Economic integration) on the basis of papers submitted by delegations at earlier meetings. The Council took note of the debate and of the statements made by delegations and agreed to wait for direction on this issue from the General Council.

Review of the Annex on air transport services under paragraph 5 of the Annex

At the meetings held on 21 September and on 18 October 1999, Members began discussions on the review of the Annex on air transport services pursuant to paragraph 5 of the Annex. The Council asked the Secretariat to gather information on the work carried out by other bodies in this area. In response the Secretariat prepared a note contained in document S/C/W/129.

Review of Article II (MFN) exemptions

At the meetings held on 21 September and on 18 October 1999, the Council began discussions on the review of MFN exemptions as mandated by paragraph 3 of the Annex on Article II exemptions. The Secretariat prepared an informal note, Job No. 6116, containing an updated compilation of existing MFN exemptions as background material for the review.

Requests for observer status

At the meeting held on 18 October 1999, the Council noted requests for observer status from the Islamic Development Bank, from the League of Arab States and from the World Health Organization and agreed to take up the question at a subsequent meeting.

Financial services

The Committee on Trade in Financial Services is mandated to discuss matters relating to trade in financial services and formulate proposals or recommendations for consideration by the Council. It is responsible, inter alia, for the continuous review and surveillance of the application of the GATS with respect to this sector, and serves as a forum for technical discussions and examination of regulatory developments. The Committee held no meetings during the period under consideration. The annual report of the Committee on Trade in Financial Services to the Council for Trade in Services is contained in document S/FIN/4 (26 October 1999).

GATS rules

The Working Party on GATS rules was set up by the Council for Trade in Services to carry out the negotiating mandates on safeguards (GATS Article X), government procurement (GATS Article XIII) and subsidies (GATS Article XV). It held one formal meeting (8October 1999) during the period under consideration and discussed the three mandates. Readers should refer to the 1999 WTO Annual Report (p.70–71) for a presentation of the main issues at stake. Concerning emergency safeguards, the issues under discussion are presented in a Secretariat note circulated in September 1999 (S/WPGR/W/27/Rev.2). The annual report of the Working Party on GATS Rules to the Council for Trade in Services is contained in document S/WPGR/4 (26 October 1999).

Domestic regulation

The Working Party on Domestic Regulation (WPDR) held three formal meetings, and one informal meeting, under the Chairpersonship of Paul Robertson of Canada between April

1999, when it was created, and December 1999. Minutes of the formal meetings are contained in WPDR documents M/1 through M/3.

Discussions of the WPDR have focused mainly on issues related to the development of multilateral disciplines on domestic regulation, to be horizontally applicable. To facilitate discussions, the Secretariat prepared two background papers at the request of the Council for Trade in Services (S/C/W/96 and /W/97, both dated 1 March 1999). Informal papers were submitted by the Chairperson and the Secretariat. A formal paper was also submitted by Australia (S/WPDR/W/1 dated 19 July 1999). The issues of necessity and transparency have received the greatest attention to date by Members.

To help advance the work on professional services, the delegation of Hong Kong, China submitted two informal papers. Following discussions, the WPDR decided at its second meeting on 14 July that Members would consult on a voluntary basis with their domestic professional associations concerning the potential applicability of the accountancy disciplines for their professions, while the Secretariat would consult with relevant international organizations to be identified by Members. Agreed deadlines for the voluntary consultations by Members were 31 December 1999 to complete domestic consultations, and 31 March 2000 for Members to notify the WTO of the results of their consultations.

Committee on Specific Commitments

The Committee on Specific Commitments oversees the implementation of services commitments as well as the application of the procedures for the modification of schedules. It is also in charge of examining ways to improve the technical accuracy and coherence in the future of schedules of commitments and lists of MFN exemptions. It has, in fact, concentrated its work so far on the second part of this mandate and more specifically on the classification and scheduling of services commitments, with a view to the new round of negotiations on trade in services.

During the period under review, the Committee on Specific Commitments held one formal meeting on 22September1999. The report of this meeting is in S/CSC/M12. Four items were on its agenda. First, the Committee heard a progress report by the Chairman on the state of his consultations on the draft decision of the Council for Trade in Services on the certification of rectifications or improvements to schedules of specific commitments and had an informal discussion on this draft decision. Second, it discussed the revision of the guidelines for the scheduling of specific commitments, on the basis of two informal notes produced by the Secretariat, listing respectively elements of an emerging consensus and outstanding issues. Third, the Committee continued its work on possible improvements in the current classification of services sectors, focusing on environmental services, legal services, postal and courier services, energy services and construction services and considered relevant proposals made by Members. Fourth, the Committee approved a draft format for consolidated schedules in electronic form and the procedures to be followed for the verification and circulation of these schedules.

The Committee also held a number of informal meetings in this period, mainly devoted to the draft decision on the certification of rectifications or improvements to schedules.

VI. Trade-related aspects of intellectual property rights (TRIPS)

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, the so-called TRIPS Agreement, is based on a recognition that increasingly the value of goods and services entering into international trade resides in the know-how and creativity incorporated into them. The TRIPS Agreement provides for minimum international standards of protection for such know-how and creativity in the areas of copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs of integrated circuits and undisclosed information. It also contains provisions aimed at the effective enforcement of such intellectual property rights, and provides for multilateral dispute settlement. It gives all WTO Members transitional periods so that they can meet their obligations under it. Developed-country Members have had to comply with all of the provisions of the Agreement since 1 January 1996. For developing countries and certain transition economies, the general transitional period ended on 1 January 2000. For least-developed countries, the transitional period is 11years (i.e. until 1 January 2006).

At the end of their transition period, Members are obliged to notify their implementing legislation. Given the difficulty of examining legislation relevant to many of the enforcement obligations in the Agreement, Members have undertaken, in addition to notifying legislative texts, to provide information on how they are meeting these obligations by responding to a Checklist of Questions. This information is being used as the basis for reviews of

implementing legislation carried out by the Council for TRIPS. At the Council's meetings in July and October 1999, the Council agreed that the reviews of the national implementing legislation of Members whose transition period ended on 1January 2000 would address all areas of intellectual property at the same time and noted which Members had agreed to have their legislation reviewed in the year 2000, 13 volunteering to be taken up in the first part of the year and a further 14 in the second. The legislation of the remaining 40 or so Members concerned is scheduled for review in 2001.

During the period covered by the report, the Council has continued its consideration of notifications concerning the implementation of the so-called "mail-box" and exclusive marketing rights provisions of Articles 70.8 and 70.9, which came into effect on 1 January 1995 for countries which do not yet provide product patent protection for pharmaceuticals and/or agricultural chemicals.

The Council has afforded Members the opportunity of consulting on a number of matters related to TRIPS, including questions relating to the protection of geographical indications in certain Members, and questions relating to the protection of trademarks and trade names in a certain Member. The Council is also kept informed about developments in dispute settlement procedures initiated in the TRIPS area.

Technical cooperation has been a prominent issue in the TRIPS Council. Article 67 of the Agreement obliges each developed-country Member to provide, on request and on mutually agreed terms, technical and financial cooperation in favour of developing and least-developed Member countries. In order to ensure that information on available assistance is readily accessible and to facilitate the monitoring of compliance with the obligation of Article 67, developed-country Members update annually descriptions of their technical and financial cooperation programmes. For the sake of transparency, intergovernmental organizations observers to the TRIPS Council also present, on the invitation of the Council, information on their activities. In addition, the WTO Secretariat provides information on its technical cooperation in the TRIPS area. In 1999, the information was updated in time for the Council's meeting in October, which had a special focus on technical cooperation. The regular discussion in the Council on the basis of this material provides an opportunity for developing countries to identify their needs, in particular any gaps in the assistance available. Developed-country Members have also notified contact points in their administrations which can be addressed by developing countries seeking technical cooperation on TRIPS. In addition, the Secretariat organized, jointly with the International Bureau of the World Intellectual Property Organization (WIPO), a number of symposia and workshops on specific aspects of technical cooperation, which enabled an exchange of views on technical cooperation needs and experiences related to the implementation of the TRIPS Agreement. In 1999, such events were also organized on a tripartite basis, including also the Office of the International Union for the Protection of New Varieties of Plants (UPOV) as co-organizer.

The Secretariat cooperates with a number of intergovernmental organizations, notably with WIPO pursuant to the Agreement Between WIPO and the WTO, which entered into force on 1January 1996 and the joint initiative on technical cooperation of the Directors-General of the two Organizations of July 1998.

The Council has also discussed the implementation of Article 66.2 of the Agreement, which requires developed-country Members to provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base. The Council agreed, in December 1998, that developed-country Members be invited to supply information on how this provision was being implemented. To date, information has been submitted by 16 Members. The Council has addressed the matter at each of its meetings since and, in its discussions, additional information has been provided by some Members and comments made on the adequacy of the submissions received.

During the period covered by the report, the Council has held discussions on various aspects of the TRIPS Agreement's built-in agenda. It continued its discussion on such aspects concerning geographical indications. As regards the negotiations specified in Article 23.4 of the Agreement concerning the establishment of a multilateral system of notification and registration of geographical indications for wines, the Council considered, at its meeting in February 1998, a Secretariat background note on international notification and registration systems for geographical indications relating to wines and spirits. Since then, further discussions have been held on what the next step should be for carrying forward this work. Proposals on the matter received from delegations in July1998 and February 1999 were discussed in the Council. These discussions are continuing and further proposals have been made. In July 1999, the Council had before it a background note it had requested the Secretariat to prepare on international notification and registration systems for geographical indications relating to products other than wines and spirits.

The Council continued its review of the application of the Agreement's provisions on geographical indications under Article 24.2. The Council has requested the Secretariat to prepare a paper summarizing, on the basis of an agreed outline, the responses to the Checklist of Questions adopted in 1998, in order to facilitate an understanding of the more detailed information that had been provided in the individual responses to the Checklist received from 32 Members so far.

In December 1998, the Council initiated the review of the provisions of Article 27.3(b) of the Agreement that it was required to undertake in 1999. Members that were already under an obligation to apply Article 27.3(b) were invited to provide information on how the matters addressed in this provision were presently treated in their national law. Other Members were invited to provide such information on a best endeavours basis. The Secretariat was requested to contact the FAO, the Secretariat of the Convention on Biological Diversity and UPOV, to request factual information on their activities of relevance. By the time of the Council's meeting in October 1999, information had been received from 33 Members as well as from the three intergovernmental organizations referred to. The Council had before it, in July 1999, an informal note containing a structured summary overview of the information presented by these Members, which the Secretariat had prepared in response to a request from the Council. Some Members commented on the contents of this overview. Views were expressed on the present provisions of Article 27.3(b), including on their relations to the protection and use of biodiversity, and on possible changes to these provisions that might be considered. In October 1999, the Council received submissions from two Members, had a further exchanges of views and agreed to revert to the matter at its next meeting, taking into account any outcome of the Seattle Ministerial Conference.

Under Article 64.3, the Council is required to examine the scope and modalities for complaints of the type provided for under Article XXIII:1(b) and (c) of GATT 1994 (so-called "non-violation" disputes) made pursuant to the TRIPS Agreement. The Council discussed the matter at each of its meetings during the reporting period, on the basis of a factual background note prepared by the Secretariat as requested by the Council as well as a discussion paper submitted by a Member in February 1999, a written proposal received from six Members jointly in April 1999 and a non-paper from another Member in July 1999. Most Members expressed themselves in favour of recommending to the Ministerial Conference an extension of the period referred to in Article 64.2 of the Agreement, in order to allow the Council to further examine the scope and modalities of "non-violation" complaints under the TRIPS Agreement. One Member made it clear that it was not in a position to join a consensus to that effect. Some Members were of the view that, in the absence of a decision of the Ministerial Conference pursuant to Article 64.3, there would be no scope for "non-violation" complaints under the TRIPS Agreement. Some other Members were not in a position to share this view.

The Council also discussed, in 1999, intellectual property issues arising in connection with electronic commerce pursuant to paragraph 4.1 of the Work Programme on Electronic Commerce established by the General Council in September 1998. A progress report was agreed and sent to the General Council in July 1999, in which the Council summarizes the work done and expresses the view that the WTO should continue to consider developments in this area, including the further work of WIPO.

Since February 1997, the following organizations have had a regular observer status in the TRIPS Council: the Food and Agriculture Organization (FAO), the International Monetary Fund (IMF), the International Union for the Protection of New Varieties of Plants (UPOV), the Organization for Economic Cooperation and Development (OECD), the United Nations (UN), the United Nations Conference on Trade and Development (UNCTAD), the World Bank, the World Customs Organization (WCO) and the World Intellectual Property Organization (WIPO). Requests from the African Regional Industrial Property Organization (ARIPO), the Conférence des Ministres de l'Agriculture de l'Afrique de l'Ouest et du Centre (CMA/AOC), the Cooperation Council for the Arab States of the Gulf (GCC), the European Free Trade Association (EFTA), the International Plant Genetic Resources Institute (IPGRI), the International Vaccine Institute, the Islamic Development Bank (IDB), the Latin American Economic System (SELA), the Office International de la Vigne et du Vin (OIV), the Organization of American States (OAS), the Organization of the Islamic Conference (OIC), the Secretariat of the Convention on Biological Diversity (CBD), the Secretariat of the General Treaty on Central American Economic Integration (SIECA), the South Centre and the World Health Organization (WHO).

VII. Resolution of trade conflicts under the WTO's Dispute Settlement Understanding

Overview

The General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes arising from any agreement contained in the Final Act of the Uruguay Round that is covered by the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU). The DSB has the sole authority to establish dispute settlement panels, adopt panel and Appellate Body reports, maintain surveillance of implementation of rulings and recommendations and authorize suspension of concessions in the event of non-implementation of recommendations.

Dispute Settlement Activity for the period between 1 August 1999 and 31 January 2000

In the 6 months from 1 August 1999 to 31 January 2000, the DSB received ten notifications from Members of formal requests for consultations under the DSU. During this period, the DSB established panels to deal with six new matters. It adopted Appellate Body and/or panel reports in nine cases. The DSB also received one notification from Members of a mutually agreed solution (settlement) of a dispute. In another case the request for a panel was withdrawn because the contested measure had been withdrawn. One other panel suspended its work at the request of the complaining party.

This section briefly describes the procedural history and, where available, the substantive outcome of these cases. It also describes the implementation status of adopted reports where new developments occurred in the covered period; cases in which a panel report has been circulated but where an appeal is pending before the Appellate Body; and cases for which panel reports have been issued but not yet adopted or appealed.

Appellate Body and/or Panel reports adopted

1. Brazil – Export financing programme for aircraft, complaint by Canada (WT/DS46)

On 23 July 1998, the DSB established a panel to consider a complaint by Canada regarding interest rate equalization payments provided by Brazil on export sales of regional aircraft under the Programa de Financiamento às Exportações ("PROEX"). The United States reserved its rights as a third party in the dispute.

The Panel, in a report circulated on 14 April 1999, found that interest rate equalization payments on exports of Brazilian regional aircraft under PROEX are "subsidies" within the meaning of Article 1 of the SCM Agreement which are "contingent ... in fact ... upon export performance" within the meaning of Article 3.1(a) of that Agreement. The Panel also held that the export subsidies for regional aircraft under PROEX are not "permitted" by reason of the first paragraph of item (k) of the Illustrative List of Export Subsidies. The Panel concluded that Brazil had not complied with certain of the conditions of Article 27.4 of the SCM Agreement, in particular, the requirements that Brazil "shall not increase the level of its export subsidies" and "shall phase out its export subsidies" within eight years after the entry into force of the WTOAgreement. Accordingly, the Panel found that the prohibition on export subsidies in Article3.1(a) of theSCM Agreementis applicable to Brazil in this case, and that the interest rate equalization payments on exports of regional aircraft under PROEX are export subsidies inconsistent with Article 3 of the SCM Agreement. Finally, the Panel recommended that Brazil withdraw the subsidies "without delay", that is, within 90 days.

On 3 May 1999, Brazil notified the DSB of its intention to appeal certain issues of law and legal interpretation developed by the Panel. Before the Appellate Body, Canada also appealed certain findings of the Panel. The Appellate Body upheld all of the substantive conclusions of the Panel, but reversed and modified the Panel's interpretation of the "material advantage" clause in item (k) of the Illustrative List of Export Subsidies in Annex I of the SCM Agreement.

The Appellate Body upheld the ruling of the Panel that certain PROEX regulatory instruments specified in Canada's request for the establishment of a panel, but not discussed in the consultations, were properly before the Panel. The Appellate Body also upheld the finding of the Panel that in a dispute involving a claim of violation of Article 3.1(a) of the SCM Agreement by a developing-country Member, the complaining party has the burden of

proving that the developing country Member in question has not complied with the conditions of Article 27.4 of that Agreement. The Appellate Body upheld the appealed findings relating to the Panel's determination that Brazil had failed to comply with its obligations under Article 27.4 of the SCM Agreementto "not increase the level of its export subsidies". In particular, the Appellate Body upheld the findings of the Panel that: (i) the "proper point of reference" for the purpose of determining whether a Member has increased the level of its export subsidies is actual expenditures, rather than budgeted amounts; (ii)for the purposes of Article 27.4, the export subsidies for regional aircraft under PROEX should be considered to be "granted" when the government bonds are issued, rather than when a letter of commitment is issued; and (iii) it is appropriate in this case to use constant dollars, rather than nominal dollars, in assessing whether Brazil has increased "the level of its export subsidies".

As a result of these findings, the Appellate Body upheld the overall conclusions of the Panel that Brazil has not complied with the conditions of Article 27.4, and that, therefore, the export subsidy prohibition in Article 3.1(a) of theSCM Agreementapplies to Brazil. Having found that the export subsidy prohibition in Article 3.1(a) applies to Brazil, the Appellate Body then examined Brazil's claim of an alleged "affirmative defence" based on item (k) of the Illustrative List of Export Subsidies. The Appellate Body reversed and modified the Panel's interpretation of the "material advantage" clause in item (k) of the Illustrative List, but upheld the Panel's finding that Brazil had not demonstrated that PROEX subsidies are not "used to secure a material advantage in the field of export credit terms" within the meaning of item (k) of the Illustrative List.

Finally, the Appellate Body upheld the Panel's recommendation that Brazil must withdraw the export subsidies for regional aircraft under PROEX within 90 days.

The report of the Appellate Body was circulated to WTO Members on 2 August 1999 and adopted by the DSB together with the Panel report, as modified by the Appellate Body report, on 20 August 1999. Further developments that occurred in the implementation stage of this dispute are outlined in the section below on "Implementation of adopted reports".

---

2. Canada – Measures affecting the export of civilian aircraft, complaint by Brazil (WT/DS70)

On 23 July 1998, the DSB established a panel to examine a complaint by Brazil regarding certain assistance provided by the government of Canada and certain of its provinces to the Canadian regional aircraft industry which, Brazil claimed, constitute export subsidies prohibited under Articles 3.1(a) and 3.2 of the SCM Agreement. The United States reserved its rights as a third party in the dispute.

The Panel, in a report circulated on 14 April 1999, found that two of the measures challenged by Brazil constitute subsidies that are "contingent...in fact...upon export performance" and are, therefore, prohibited by Articles 3.1(a) and 3.2 of theSCM Agreement. These two measures are: the provision of debt financing through the Canada Account, a federal government programme, for the export of Canadian regional aircraft; and the provision of certain assistance by Technology Partnerships Canada ("TPC") to support new product development by the Canadian regional aircraft industry.

The Panel rejected Brazil's claims regarding five other measures. These included a claim by Brazil that the Export Development Corporation (the "EDC"), a Crown corporation, provided preferential debt financing to support the export of Canadian regional aircraft. The Panel concluded that there was insufficient evidence to demonstrate that debt financing by the EDC conferred a "benefit" to the recipient and found that the EDC debt financing did not, therefore, constitute a "subsidy" under Article 1.1 of theSCM Agreement. Under that provision, a "subsidy" exists if a "financial contribution" is made by a government or other public body and a "benefit is thereby conferred". The Panel concluded that a "benefit" is conferred when a "financial contribution" is made on terms that are more advantageous to the recipient than those otherwise available to it in the marketplace. The Panel rejected Canada's argument that the word "benefit" should include the "cost to government" of the financial contribution. The Panel also concluded that there was "no factual basis" to support Brazil's claim that the equity investment by the EDC in a company called CRJ Capital had enabled CRJ Capital to offer preferential debt financing for the export of Canadian regional aircraft.

During the course of the Panel proceedings, the Panel adopted, at the request of Canada and Brazil, Procedures Governing Business Confidential Information (the "BCI Procedures"), which imposed additional obligations of confidentiality on certain persons allowed access to "business confidential information" submitted to the Panel by the parties. As part of its fact-finding process, the Panel requested Canada, under Article 13.1 of the DSU, to provide certain information regarding the contested measures. Although Canada provided some of the requested information on a "business confidential" basis under the Panel's BCI

Procedures, Canada refused to provide much of the information requested by the Panel. Canada stated that the information it withheld was "business confidential" and that, in Canada's view, the special procedures the Panel had adopted to protect this information were inadequate. Canada also withheld certain information on the grounds of "Cabinet" or "Ministerial" privilege. Brazil asked the Panel to draw "adverse inferences" from Canada's refusal to provide the requested information, in particular, about the debt financing activities of the EDC. In this respect, Brazil asked the Panel to infer that the information withheld was prejudicial to Canada's position. The Panel declined to do so, stating that the evidence presented to it was insufficient to support such a conclusion.

On 3 May 1999, Canada notified the DSB of its intention to appeal certain issues of law and legal interpretation developed by the Panel. Before the Appellate Body, Brazil also appealed certain findings of the Panel. The Appellate Body upheld the Panel's interpretation of the word "benefit" in Article 1.1(b) of the SCM Agreement. The Appellate Body agreed with the Panel that "benefit" is not concerned with the "cost to government" of a "financial contribution", but with the benefit to the recipient of that contribution. The Appellate Body agreed with the Panel that a "benefit" is conferred when "the recipient has received a 'financial contribution' on terms more favourable than those available to the recipient in a competitive market."

The Appellate Body also upheld the Panel's finding that TPC assistance constitutes a subsidy "contingent...in fact...upon export performance" inconsistent with Article 3.1(a) of theSCM Agreement. In doing so, however, the Appellate Body modified an aspect of the Panel's legal reasoning. The Appellate Body emphasized the central role of footnote 4 to Article 3.1(a) of the SCM Agreement in determining whether a subsidy is "contingent...in fact...upon export performance" and, in particular, the importance of demonstrating that the "granting of a subsidy is tied to or contingent upon actual or anticipated exports". It is not enough, the Appellate Body said, to show that exports were merely anticipated by the granting government, since the prohibition in Article 3.1(a) of the SCM Agreement applies to subsidies that are tied to or contingent upon export performance. The Appellate Body also said that the Panel appeared to develop a legal presumption that the closer a subsidy brings a product to sale on the export market, the more likely it is to be, in fact, an export subsidy. Although the Appellate Body agreed that this nearness-to-export-market factor could be a relevant fact in the circumstances of a particular case, the Appellate Body stated that this factor should not be viewed as a legal presumption and should be treated with considerable caution.

With respect to Brazil's appeal about "adverse inferences" that the Panel should have drawn from Canada's refusal to provide certain information, the Appellate Body found, first, that "Members are...under a duty and an obligation to 'respond promptly and fully' to requests made by panels for information under Article 13.1 of the DSU." The Appellate Body agreed with the Panel that Canada's reasons for refusing to provide the requested information were not persuasive. The Appellate Body observed that "panels routinely draw inferences from the facts placed on the record", and stated that this case involves "precisely the sort of situation in which a panel should examine very closely indeed whether the full ensemble of the facts on the record reasonably permits the inference urged by one of the parties to be drawn, because a party's refusal to collaborate has the potential to undermine the functioning of the dispute settlement system." The Appellate Body stated that, "if we had been deciding the issue that confronted the Panel, we might well have concluded that the facts of record did warrant the inference that the information Canada withheld...included information prejudicial to Canada's denial that the EDC had conferred a 'benefit' and granted a prohibited export subsidy." However, the Appellate Body concluded that the Panel did not err in law, or abuse its discretionary authority, in concluding that Brazil had not done enough to compel the Panel to make the inferences requested by Brazil. In making this finding, the Appellate Body also stated, "... we do not intend to suggest that Brazil is precluded from pursuing another dispute settlement complaint against Canada ... concerning the consistency of certain of the EDC's financing measures with the provisions of the SCM Agreement."

Finally, the Appellate Body upheld the Panel's findings that Brazil had submitted insufficient evidence to make out its claims that the debt financing activities of the EDC and its equity investment in CRJ Capital conferred a "benefit" under Article 1.1(b) of theSCM Agreement, and therefore upheld the Panel's rejection of Brazil's claim that EDC assistance to the Canadian regional aircraft industry constitutes export subsidies inconsistent with Articles 3.1(a) and 3.2 of theSCM Agreement.

The report of the Appellate Body was circulated to WTO Members on 2 August 1999 and adopted by the DSB together with the Panel report, as modified by the Appellate Body report, on 20 August 1999. Further developments that occurred in the implementation stage of this dispute are outlined in the section below on "Implementation of adopted reports".

3. India – Quantitative restrictions on imports of agricultural, textile and industrial products, complaint by the United States (WT/DS90)

On 18 November 1997, the DSB established a panel to examine a complaint by the United States concerning certain quantitative restrictions maintained by India. No third parties were involved in this case. The quantitative restrictions at issue apply to imports of agricultural, textile and industrial products under more than 2,700 tariff lines. India claimed, before the Panel, that it was entitled to maintain these restrictions for balance-of-payments purposes in accordance with Article XVIII:B of the GATT 1994. The United States claimed that these measures were not justified as India no longer faced balance-of-payments problems, and that, therefore, India acted inconsistently with its obligations under the GATT 1994 and the Agreement on Agriculture.

After determining that it was competent to review the justification of India's balance-of-payments restrictions, the Panel found that these restrictions are inconsistent with Articles XI:1 andXVIII:11 of the GATT 1994, and that they are not justified by Article XVIII:B. The Panel also found that, to the extent that the quantitative restrictions apply to agricultural products, the measures at issue are incompatible with Article 4.2 of the Agreement on Agriculture.

On 26 May 1999, India notified the DSB of its intention to appeal certain issues of law and legal interpretation developed by the Panel. The Appellate Body upheld all of the findings of the Panel appealed by India. With regard to the Panel's competence to review the justification of balance-of-payments measures, the Appellate Body concluded that the dispute settlement procedures under Article XXIII of the GATT 1994, as elaborated and applied by the DSU, are available for disputes concerning any matters relating to balance-of-payments measures. This is explicitly confirmed by footnote 1 to the Understanding on Balance-of-Payments Provisions of the GATT 1994.The Appellate Body agreed with the Panel that the mandate of the BOP Committee and the General Council to review the justification of balance-of-payments restrictions, and to make recommendations concerning them, did not prevent the Panel from reviewing the justification of these restrictions. The Appellate Body rejected India's argument that there is, in WTO law, a principle of institutional balance which requires panels to refrain from reviewing the justification of balance-of-payments restrictions and to leave this review to the BOP Committee and the General Council. The Appellate Body concluded that the Panel was, therefore, correct in finding that it was competent to review the justification of India's balance-of-payments restrictions.

With regard to the Panel's interpretation of the Note Ad Article XVIII:11 (stating that Members shall not be "required to relax or remove restrictions if such relaxation or removal would thereupon produce conditions justifying ... restrictions"), and, in particular, the word "thereupon", the Appellate Body concluded that the word "thereupon" means, depending on the situation, either "immediately" or "soon after", and found that the Panel had in fact interpreted the word "thereupon" in this way.

As to India's claim that the Panel required it to change its development policy and that such a requirement is inconsistent with the proviso to Article XVIII:11, the Appellate Body considered the relevant findings of the Panel and concluded that the Panel had not required India to change its development policy and, therefore, had not erred in law with regard to the proviso to ArticleXVIII:11. On the burden of proof with respect to the proviso to Article XVIII:11, the Appellate Body agreed with the Panel that the burden of proof was on India because it was India that argued that the United States had acted inconsistently with the proviso. On the burden of proof with respect to the Ad Note, the Appellate Body rejected India's claim that the Panel did not apply the rules on burden of proof correctly.

Finally, with regard to India's claim that the Panel had failed to make an objective assessment of the matter by delegating its judicial responsibilities to the IMF, the Appellate Body found that, although the Panel gave considerable weight to the views of the IMF, it critically assessed these views. The Panel also considered other data and opinions in reaching its conclusions. The AppellateBody, therefore, concluded that the Panel had made an objective assessment of the matter before it.

The report of the Appellate Body was circulated to WTO Members on 23 August 1999 and adopted by the DSB together with the Panel report, as modified by the Appellate Body report, on 22 September 1999. Further developments that occurred in the implementation stage of this dispute are outlined in the section below on "Implementation of adopted reports".

4. Canada – Measures affecting the importation of milk and the exportation of dairy products, complaints by the United States and New Zealand (WT/DS103 and 113)

This dispute involves two separate complaints. The first, brought by New Zealand and the United States, concerns the supply of milk, destined for export in processed form, to Canadian dairy processors or exporters at prices significantly below the prices paid for milk

destined for domestic consumption. The Canadian measures, known as Special Milk Classes 5(d) and 5(e), involve a complex regulatory framework, under which processed milk is only made available for export with the approval and extensive intervention of the Canadian Dairy Commission (a federal Crown corporation) provincial milk marketing boards and the Canadian Milk Supply Management Committee (which is composed of representatives of certain provincial milk marketing boards and provincial governments and is chaired by the CDC). New Zealand and the United States alleged that the provision of milk at reduced prices to processors for export constitutes "export subsidies" under Articles 9.1(a) and 9.1(c) of theAgreement on Agriculture, and that these subsidies exceed the export subsidy commitments in Canada's Schedule.

The second complaint, made by the United States, concerns certain conditions Canada places on access to its tariff-rate quota for fluid milk in its Schedule of Commitments. In its Schedule, Canada opened a tariff-rate quota for 64,500 tonnes of fluid milk. In an adjacent column of the Schedule, under the heading "Other Terms and Conditions", this notation appears: "This quantity [64,500tonnes] represents the estimated annual cross-border purchases imported by Canadian consumers." Under General Import Permit No. 1, Canada limits entries of fluid milk, within the tariff-rate quota, to imports by Canadian consumers of milk, for personal use, up to a value of C$20 per entry. Nevertheless, for such imports, no individual permits and no customs entries are required and no customs duties are imposed, even in the case of imports within the in-quota quantity. Canada maintained that these conditions are justified by the language in the notation in its Schedule. The United States alleged that the limitations in General Import Permit No. 1 are inconsistent with ArticleII:1(b) of the GATT 1994, as they allow access to the Canadian market on terms less favourable than those set forth in Canada's Schedule. The United States also alleged that these restrictions were a violation of theAgreement on Import Licensing Procedures.

On 25 March 1998, the DSB established a single panel to examine both sets of complaints. Australia and Japan were third parties in this dispute. The Panel, in a report circulated on 17 May 1999, found that Canada, by providing milk at reduced prices to processors for export through Special Milk Classes 5(d) and 5(e), grants export subsidies as listed in Articles 9.1(a) and9.1(c) of theAgreement on Agriculture. Article 9.1(a) of the Agreement on Agriculture applies to "direct subsidies, including payments-in-kind" that are provided by "governments or their agencies". The Panel stated that a determination that "'payments-in-kind' exist would also be a determination of the existence of a direct subsidy." The Panel held that processors or exporters buying milk at reduced prices receive "payments-in-kind" of the discounted portion of the price because a "benefit" was conferred on them. The supply arrangements were equivalent to processors or exporters paying the full price for the milk and receiving a rebate of the discounted portion of the price. Even though the "payments-in-kind" involve no charge on the public account, the Panel held that, in light of the Canadian regulatory framework, they are provided by Canada's "governments or their agencies", and therefore constitute export subsidies as listed in Article9.1(a) of theAgreement on Agriculture. Article 9.1(c) of the Agreement on Agricultureapplies to "payments on the export of an agricultural product that are financed by virtue of governmental action". The Panel found, for the same reasons, that the Canadian measures involved "payments", and that these "payments" were "financed by virtue of governmental action".

The Panel found, in the alternative, that if the Canadian measures at issue did not constitute export subsidies under Article 9.1 of theAgreement on Agriculture, they nevertheless constituted export subsidies under Article 10.1 of that Agreement. The Panel's finding under Article 10.1 was an alternative to its findings under Article 9.1, because Article 10.1 states explicitly that it applies solely to export subsidies not listed in Article 9.1.

The Panel concluded that Canada acts inconsistently with its obligations under Articles3.3 and 8 of theAgreement on Agriculture by providing export subsidies as listed in Articles 9.1(a) and9.1(c) of that Agreement in excess of the export subsidy commitments set forth in its Schedule.

As regards the United States' complaint under Article II:1(b) of the GATT 1994, the Panel held that the conditions Canada imposes on access to its tariff-rate quota for fluid milk are not justified by the language in Canada's Schedule, which the Panel said simply described the way the size of the quota was determined. The Panel, therefore, found that Canada acts inconsistently with its obligations under Article II:1(b) of the GATT 1994. In view of this finding, the Panel did not consider it necessary to examine the United States' claim under theAgreement on Import Licensing Procedures.

On 15 July 1999, Canada notified the DSB of its intention to appeal against a number of the Panel's findings. With respect to Canada's appeal relating to Article9.1(a) of the Agreement on Agriculture, the Appellate Body held that the Panel erred by determining that if "payments-in-kind" existed that would necessarily mean that "direct subsidies" existed.

The Appellate Body found that a "payment-in-kind" "may be made in exchange for full or partial consideration or it may be made gratuitously", whereas a "subsidy" is made "for less than full consideration." The Appellate Body found, therefore, that the Panel erred in equating "payments-in-kind" with "direct subsidies", since a "payment-in-kind" is not necessarily a "direct subsidy". The Appellate Body also found that the Panel erred in finding that the word "payments", in the term "payments-in-kind", means "a gratuitous act, a bounty or benefit".

Since the Appellate Body found that the Panel had erred in its interpretation of Article 9.1(a) of the Agreement on Agriculture, the Appellate Body reversed the Panel's finding that the Canadian measures constitute export subsidies as listed in Article 9.1(a) of the Agreement on Agriculture. Although the Appellate Body upheld the Panel's findings that the provincial milk marketing boards are "agencies" of Canada's governments, the Appellate Body did not find it necessary, in view of its findings under Article 9.1(c), to examine whether the Canadian measures did, indeed, involve export subsidies as listed in Article 9.1(a) of theAgreement on Agriculture.

The Appellate Body upheld the Panel's interpretation of the word "payments" in Article 9.1(c) of the Agreement on Agricultureas including "payments-in-kind". "Payments" can be "made in a form, other than money, that confers value, such as by way of goods or services." The Appellate Body agreed with the Panel that the provision of milk at discounted prices to processors or exporters involves "payments" in a form other than money. The Appellate Body also upheld the Panel's finding that these payments are "financed by virtue of governmental action". Although these "payments" involve no charge on the public account, as a result of the "complex regulatory web" Canada has established, "governmental action" is "indispensable to enable the supply of milk to processors for export, and hence the transfer of resources, to take place." The Appellate Body, therefore, upheld the Panel's finding that the Canadian measures constitute export subsidies as listed in Article 9.1(c) of the Agreement on Agriculture.

Since the Canadian measures constitute export subsidies listed in Article 9.1(c) of the Agreement on Agriculture, the Appellate Body held that the Panel's alternative finding under Article10.1 of that Agreement has "no legal effect". The Appellate Body, therefore, declined to examine Canada's appeal on this point.

Finally, the Appellate Body disagreed with the Panel's interpretation of the language in the notation in Canada's Schedule relating to its tariff-rate quota for fluid milk. It stated that if the language in the notation was a mere description of the way the size of the tariff-rate quota was determined, the notation served no legally operative purpose. The Appellate Body found that the notation in the Schedule is not clear and, therefore, stated that it should be interpreted in light of the surrounding circumstances of the conclusion of the Uruguay Round. In this context, the Appellate Body took note of the Panel's observation that the United States and Canada both agreed that the purpose of the notation was to continue the "current access" commitments for fluid milk that Canada applied at the conclusion of the Uruguay Round. Interpreted in light of these circumstances, the Appellate Body held that the language in the "Other Terms and Conditions" column in its Schedule allows Canada to limit imports of fluid milk, within the tariff-rate quota, to "consumer packaged milk for personal use" imported by Canadian consumers. The Appellate Body reversed the Panel's finding to the contrary. However, the Appellate Body found that the language in Canada's Schedule does not allow imports of fluid milk to be limited to "entries valued at less than C$20". To the latter extent, the Appellate Body found that Canada is acting inconsistently with its obligations under Article II:1(b) of the GATT 1994.

The report of the Appellate Body was circulated to WTO Members on 13 October 1999 and adopted by the DSB together with the Panel report, as modified by the Appellate Body report, on 27 October 1999. Further developments that occurred in the implementation stage of this dispute are outlined in the section below on "Implementation of adopted reports".

5. Turkey – Restrictions on imports of textile and clothing products, complaint by India (WT/DS34)

This dispute addressed the following matter. Under the terms of the agreement establishing a customs union between Turkey and the European Communities, Turkey is required to apply "substantially the same" commercial policy as the Communities on trade in textile and clothing products. The European Communities imposes quantitative restrictions on imports of textile and clothing products from several countries, including India, in accordance with the provisions of theAgreement on Textiles and Clothing (the "ATC"). As a result of its customs union with the European Communities, and in order to apply what it considered to be "substantially the same" commercial policy as the European Communities in the textile and clothing sector, Turkey introduced quantitative restrictions on imports from India on 19 categories of textile and clothing products.

On 13 March 1998, the DSB established a panel to examine India's complaint in this respect. Thailand, Hong Kong, China, Philippines and the United States reserved their third-party rights. Before the Panel, India claimed that the quantitative restrictions introduced by Turkey were inconsistent with Articles XI and XIII of the GATT 1994 and Article 2.4 of the ATC. Turkey argued, in its defence, that the introduction of such quantitative restrictions on the formation of a customs union is justified by Article XXIV of the GATT 1994, which, inter alia, sets out rules for customs unions and free trade areas.

The Panel, in a report circulated on 31 May 1999, found that the quantitative restrictions applied by Turkey on imports of textile and clothing products from India are inconsistent with Turkey's obligations under Articles XI and XIII of the GATT 1994 and Article 2.4 of the ATC. The Panel rejected Turkey's defence that Article XXIV of the GATT 1994 authorized Turkey to introduce, on the formation of its customs union with the European Communities, quantitative restrictions that are inconsistent with its obligations under the GATT 1994 and the ATC.

On 26 July 1999, Turkey notified the DSB of its intention to appeal certain issues of law and legal interpretations developed by the Panel. Turkey did not appeal the Panel's findings that the quantitative restrictions at issue were inconsistent with Articles XI and XIII of the GATT 1994 and Article 2.4 of the ATC. Turkey appealed only the Panel's finding that Article XXIV of the GATT 1994 does not justify the introduction of the quantitative restrictions in this case. The Appellate Body upheld the Panel's ultimate conclusion that Turkey's quantitative restrictions in this case are not justified by ArticleXXIV. However, in so doing, the Appellate Body reversed and modified the Panel's interpretation of Article XXIV of the GATT 1994.

The Appellate Body found, on the basis of the text and the context of the chapeau of paragraph 5 of Article XXIV, that, under certain conditions, Article XXIV may justify a measure that is inconsistent with certain other GATT provisions. In a case involving a customs union, this defence is available only when two conditions are fulfilled. First, the WTO Member claiming the benefit of this defence must demonstrate that the measure at issue was introduced upon the formation of a customs union that fully meets the requirements of ArticleXXIV, in particular, paragraphs5 and 8 thereof. Second, that Member must also demonstrate that the formation of that customs union would have been prevented if that Member was not allowed to introduce the measure at issue.

With regard to the first condition, the Appellate Body noted that the Panel in this case had simply assumed arguendo that the arrangement between Turkey and the European Communities constituted a customs union which fully meets the requirements of Article XXIV. This assumption was not appealed, and, therefore, was not before the Appellate Body. However, the Appellate Body commented that it would expect a panel, when examining whether a measure may be justified under ArticleXXIV, to require the WTO Member to demonstrate that the measure at issue was introduced upon the formation of a customs union that fully meets the requirements of ArticleXXIV. With regard to the second condition, the Appellate Body found that Turkey had not demonstrated that the formation of a customs union between Turkey and the European Communities would be prevented if it were not allowed to adopt the quantitative restrictions at issue. There were other alternative measures, such as the application of a system of certificates of origin, which Turkey could have adopted.

The Appellate Body, therefore, concluded that ArticleXXIV of the GATT 1994 does not justify the quantitative restrictions imposed by Turkey on imports of textile and clothing products from India. Therefore, the Panel's finding that Turkey acted inconsistently with its obligations under ArticlesXI and XIII of the GATT 1994 and Article2.4 of the ATC stands. Further developments that occurred in the implementation stage of this dispute are outlined in the section below on "Implementation of adopted reports".

6. Chile – Taxes on alcoholic beverages, complaints by the European Communities (WT/DS87 and 110)

On 18 November 1997, the DSB established a panel to examine complaints made by the European Communities regarding the tax treatment of certain distilled alcoholic beverages in Chile. In 1997, Chile enacted new laws on the taxation of these beverages. Under this new law, Chile adopted two tax systems, the first, known as the Transitional System, is effective until 1 December 2000; while the second, known as the New Chilean System, will be effective from 1 December 2000. On 25 March 1998, the DSB decided that another panel request by the European Communities in respect of these 1997 modifications should also be examined by the Panel established on 18 November 1997. The European Communities submitted that both the Transitional System and the New Chilean System are inconsistent with Chile's obligations under the second sentence of Article III:2 of the GATT 1994. Canada, Mexico, Peru and the United States were third parties in the proceedings before the Panel, and Mexico and the United States were third participants in the appeal.

The Panel, in a report circulated on 15 June 1999, found that pisco, whisky, brandy, rum, gin, vodka, tequila, liqueurs and several other distilled alcoholic beverages are "directly competitive or substitutable" products. It concluded that, under both the Transitional System and the New Chilean System, domestic and imported beverages are "not similarly taxed" and that this dissimilar taxation is applied "so as to afford protection to domestic production", contrary to Article III:2, second sentence, of the GATT1994.

On 13 September 1999, Chile notified the DSB of its intention to appeal certain issues of law and legal interpretations developed by the Panel. Chile's appeal was limited to two of the Panel's conclusions regarding the New Chilean System. First, Chile appeals the Panel's finding that, under this tax system, domestic and imported distilled alcoholic beverages are "not similarly taxed" and, second, Chile appeals the Panel's conclusion that this dissimilar taxation is applied "so as to afford protection to domestic production".

The Appellate Body upheld the Panel's overall conclusion that domestic and imported distilled alcoholic beverages are "not similarly taxed" under the New Chilean System, and that this dissimilar taxation is applied "so as to afford protection to domestic production". In its reasoning, the Appellate Body emphasized, first, that Members of the WTO are free "to determine the basis or bases on which they will tax goods ... provided ... that [they] respect their WTO commitments". Thus, Members are free to tax alcoholic beverages according to their alcohol content and price, so long as the tax classification is not applied so as to afford protection. The Appellate Body stated that Article III:2 of the GATT 1994 seeks to "provide equality of competitive conditions for all directly competitive or substitutable imported products in relation to domestic products, and not simply for some of these imported products". In the present case, the group of "directly competitive or substitutable" products is not limited to beverages of a specific alcohol content, falling within a particular fiscal category, but covers all the distilled alcoholic beverages in each and every fiscal category under the New Chilean System. Chile's argument that beverages in each fiscal category are taxed in the same way is not, therefore, conclusive since the tax treatment of all the beverages at issue must be examined. After conducting this examination, the Appellate Body found that the Panel correctly concluded that there was dissimilar taxation under the New Chilean System because most of the imported products (95% of them) will be taxed at 47%, whereas most domestic products (75% of them) will be taxed at the lowest rate of 27%.

On the issue of "so as to afford protection", the Appellate Body observed that the end point of the lowest tax bracket, i.e., at 35° alcohol content, coincides with the point at which most domestic products are found, whereas the start point of the highest tax bracket, i.e., at 39° alcohol content, coincides with the point at which most imports are found. Moreover, the graduation of rates in between dœs not serve to tax beverages on a progressive basis as there are virtually no distilled alcoholic beverages with an alcohol content of between 35° and 39°. Thus, the Appellate Body concluded that the New Chilean System will operate as if there were only two tax brackets: the first applying a rate of 27% to most domestic products and the second applying a rate of 47% to most imported products. Although more domestic products, by volume, will be subject to the highest tax rate, this factor cannot be considered in isolation, particularly as the small volume of imports may be due to past protection of domestic products. In its analysis of the "so as to afford protection" issue, the Appellate Body found that the Panel was wrong to rely on a Chilean regulation that established minimum alcohol content requirements for certain spirits. This regulation appeared to the Appellate Body to be "broadly reflective" of similar standards enforced in many markets. The Panel was also wrong to suggest that there was any continuation of previous protection or discrimination through the adoption of the new tax system.

The Appellate Body also denied Chile's procedural claims under Articles3.2,12.7 and19.2 of the DSU. As required by Article12.7 of the DSU, the Panel Report contains a statement of the "basic rationale" relied on by the Panel. Furthermore, since its conclusions were correct in law, the Panel did not act inconsistently with Articles3.2 and19.2 of the DSU by adding to the obligations of the Members of the WTO.

The report of the Appellate Body was circulated to WTO Members on 13 December 1999 and adopted by the DSB together with the Panel report, as modified by the Appellate Body report, on 12 January 2000.

---

7. Korea – Definitive safeguard measure on imports of certain dairy products, complaint by the European Communities (WT/DS98)

This dispute concerns a complaint by the European Communities relating to a safeguard measure imposed by Korea. This safeguard measure was imposed in the form of quantitative restrictions on imports of skimmed milk powder preparations. On 23 July 1998, the DSB established a panel to examine the EC complaint in this respect.

Before the Panel, the European Communities claimed that Korea's safeguard measure was imposed inconsistently with the provisions of Articles 2, 4, 5 and 12 of the Agreement

on Safeguards. The European Communities also claimed that the safeguard measure violated Article XIX:1(a) of the GATT 1994, in that Korea had not demonstrated that its alleged increase in imports was "a result of unforeseen developments". The United States participated as a third party in the panel proceedings and as a third participant in the appeal.

In its report circulated to WTO Members on 21 June 1999, the Panel found that Korea imposed its safeguard measure inconsistently with certain provisions of the Agreement on Safeguards. The Panel found that by not sufficiently addressing the factors in Article 4.2 of the Agreement on Safeguards, Korea's safeguard investigation did not comply with its obligations under that Agreement. The Panel also considered that the measure at issue was inconsistent with Article 5.1 of theAgreement on Safeguards which establishes rules for the application of safeguard measures. While the Panel rejected the claim of the European Communities that the content of Korea's notifications did not meet the requirements of Article 12, the Panel found that Korea had violated its obligation to make timely notifications under Article 12. The Panel rejected the European Communities' claim that the phrase "under such conditions" in Article 2 of theAgreement on Safeguards imposes a requirement which Korea should have demonstrated before it could impose its safeguard measure. The Panel also rejected the claim of the European Communities relating to Article XIX:1 (a) of the GATT 1994, as the Panel considered that the phrase "as a result of unforeseen developments" in that Article did not add any conditions to be met by a Member imposing a safeguard measure.

On 15 September 1999, Korea notified the DSB of its intention to appeal certain issues of law and legal interpretations developed by the Panel. Before the Appellate Body the European Communities also appealed certain findings of the Panel. With respect to the claim of the European Communities under paragraph (a) of Article XIX:1 of the GATT 1994, the Appellate Body disagreed with the conclusion of the Panel that the phrase in that Article – "as a result of unforeseen developments and the effect of obligations incurred by a Member under this agreement, including tariff concessions" – does not specify anything additional as to the conditions under which measures pursuant to ArticleXIX may be applied. The Appellate Body considered that the interpretation advanced by the Panel failed to give effect to all the terms of ArticleXIX:1(a) and rendered the opening phrase of Article XIX redundant. The Appellate Body found that the ordinary meaning of the phrase in its context and in light of the object and purpose of Article XIX of the GATT 1994 and the Agreement on Safeguards, is that a Member imposing a safeguard measure must demonstrate, as a matter of fact, that there were unexpected developments that led to the increased imports which caused or threatened to cause serious injury to the domestic industry. With respect to the European Communities' request that the Appellate Body find that Korea had failed to demonstrate any "unforeseen developments" related to its safeguard measure, the Appellate Body noted that the Panel did not make any factual finding on this issue and that the facts in the Panel record relating to this issue were contested by the parties to the dispute. The Appellate Body, therefore, found itself unable to complete the legal reasoning and make a finding on whether Korea had complied with Article XIX of the GATT 1994.

With respect to Article 5.1 of theAgreement on Safeguards, the Appellate Body agreed with the Panel that a Member has an obligation to apply a safeguard measure only to the extent necessary to meet the objectives in that provision. The Appellate Body, however, modified the Panel's reasoning with respect to the requirement to give a reasoned explanation for the choice of measure selected. The Appellate Body considered that the obligation to give this explanation applied only to a Member applying a quantitative restriction which reduced the quantity of imports below the average of imports in the last three representative years. On Article 12.2 of the Agreement on Safeguards, the Appellate Body reversed the Panel's finding that Korea's notification in this case satisfied the requirement to provide "all pertinent information" to the Committee on Safeguards. The Appellate Body considered that to comply with the requirement of Article 12.2, a Member proposing to apply a safeguard measure must, at a minimum, address in its notification to Committee on Safeguards all the items specified in Article 12.2 as constituting "all pertinent information", as well as the factors listed in Article 4.2 that are required to be evaluated in a safeguards investigation.

The Appellate Body upheld the findings of the Panel on the three procedural issues appealed by Korea. The Appellate Body rejected Korea's claim that the request for the establishment of the panel submitted by the European Communities did not meet the requirements of Article 6.2 of the DSU. With respect to the OAI Report, the Appellate Body found that as this document was submitted in evidence by Korea, the Panel did not err in basing certain of its findings on it. The Appellate Body also considered that the Panel correctly applied the rules on burden of proof in respect of its findings under Article4 of the Agreement on Safeguards.

The report of the Appellate Body was circulated to WTO Members on 14 December 1999 and adopted by the DSB together with the Panel report, as modified by the Appellate Body report, on 12 January 2000.

8. Argentina – Safeguard Measures on Imports of Footwear, complaint by the European Communities (WT/DS121)

On 23 July 1998, the DSB established a panel to examine a complaint made by the European Communities regarding safeguard measures that were imposed by Argentina on imports of footwear. The European Communities contended that the provisional and definitive safeguard measures adopted by Argentina, as well as certain modifications to those measures, were inconsistent with Articles 2, 3, 5, and 6 of the Agreement on Safeguards and with Article XIX of the GATT 1994. The European Communities also alleged that these measures had not been properly notified to the Committee on Safeguards in accordance with Article 12 of theAgreement on Safeguards. The European Communities objected, in particular, to the determinations made by the Argentine authorities that the necessary conditions for the imposition of the safeguard measures – namely, increased imports, serious injury, and a causal link between the increased imports and serious injury – had been established. The European Communities further contended that Argentina could not, under the Agreement on Safeguards, make such determinations on the basis of an investigation into imports from all sources, including its partners in MERCOSUR, and then apply these safeguard measures only to footwear imports from non-MERCOSUR countries. The European Communities also argued that the Argentine authorities had failed to determine that the increase in footwear imports was "a result of unforeseen developments" as required by Article XIX of the GATT 1994. Indonesia, Paraguay, Uruguay, Brazil and the United States were third parties in the proceedings before the Panel. Indonesia and the United States were third participants in the appeal.

The Panel, in a report circulated on 25 June 1999, found Argentina's investigation and determinations of increased imports, serious injury and causation to be inconsistent with Articles2.1 and 4.2 of the Agreement on Safeguards, which set out the conditions that must be demonstrated before a Member may apply a safeguard measure. After examining Article2 of the Agreement on Safeguards, as well as ArticleXXIV of the GATT1994, the Panel concluded that a Member that is a party to a customs union may not apply a safeguard measure only to imports from third countries outside the customs union, when the safeguard investigation was conducted and the determination of serious injury was made on the basis of imports from all sources, including from other members of the customs union. The Panel did not address the European Communities' claim under ArticleXIX of the GATT1994, as it found that safeguard investigations conducted and safeguard measures imposed after the entry into force of the WTO Agreement which satisfy the requirements of the Agreement on Safeguards also satisfy the requirements of Article XIX of the GATT 1994. The Panel also rejected the European Communities' claims that Argentina had not properly notified its safeguard measures, and declined to make findings on the European Communities' claims under Articles 5 and 6 of the Agreement on Safeguards relating to the application of the safeguard measures and to the provisional safeguard measures.

On 15 September 1999, Argentina notified the DSB of its intention to appeal certain issues of law and legal interpretations developed by the Panel. Before the Appellate Body the European Communities also appealed certain findings of the Panel.

On appeal, Argentina argued that the Panel exceeded its jurisdiction in referring to Article 3 of the Agreement on Safeguards in its reasoning, as the European Communities did not make a claim relating to Article3 in its request for the establishment of a panel. Argentina also appealed the Panel's conclusion that Argentina could not justify the imposition of a safeguard measure only on imports from non-MERCOSUR third countries on the basis of a investigation that found serious injury caused by imports from all sources. Finally, Argentina argued that the Panel violated Articles11 and12.7 of the DSU and made several errors, both procedural and substantive, relating to the Panel's findings that the Argentine investigating authorities did not properly evaluate and determine increased imports, serious injury and causation in accordance with Articles2 and4 of the Agreement on Safeguards. The European Communities appealed the Panel's finding that a safeguard measure that satisfies the requirements of theAgreement on Safeguardsalso satisfies the requirements of ArticleXIX of the GATT1994, and the Panel's consequent refusal to rule on the European Communities' claim under ArticleXIX:1 of the GATT1994.

The Appellate Body found that the Panel had not exceeded its terms of reference, because it made no legal findings or conclusions under Article 3 of the Agreement on Safeguards. The Appellate Body reasoned that it would have been difficult for the Panel to interpret and apply Article4.2(c) of the Agreement on Safeguards– which was within its terms of reference – without referring to Article3, since Article4.2(c) itself explicitly refers to Article3. The Appellate Body reversed the Panel's conclusion that safeguard investigations

conducted and safeguard measures imposed after the entry into force of theWTO Agreement which meet the requirements of theAgreement on Safeguards satisfy the requirements of ArticleXIX of the GATT1994. Both the GATT1994 and theAgreement on Safeguards are contained in Annex1A to theWTO Agreement; both apply equally and are equally binding on WTO Members. The Appellate Body found no indication that Uruguay Round negotiators intended theAgreement on Safeguards to replace the provisions of ArticleXIX of the GATT 1994. For these reasons, the Appellate Body found that in order to apply a safeguard measure, a Member must apply the provisions of both the Agreement on Safeguards and ArticleXIX of the GATT1994. With respect to the claim of the European Communities under ArticleXIX of the GATT1994, the Appellate Body found that the Panel erred in concluding that the clause "as a result of unforeseen developments" in Article XIX was "expressly omitted" from Article2 of theAgreement on Safeguards. The Appellate Body examined the ordinary meaning of that clause in its context and in light of the object and purpose of Article XIX of the GATT 1994, and concluded that a Member imposing a safeguard measure must demonstrate, as a matter of fact, that there were unexpected developments that led to the increased imports which caused or threatened to cause serious injury to the domestic industry. The Appellate Body ruled that the clause – "as a result of unforeseen developments" – does not, however, establish an independent, additional condition for the imposition of safeguard measures. The Appellate Body did not find it necessary to rule on the European Communities' claim under ArticleXIX of the GATT1994, because it upheld the Panel's conclusion that Argentina's safeguard investigation and measure is in any case inconsistent with Articles2 and4 of theAgreement on Safeguards.

The Appellate Body upheld the Panel's conclusion that under the Agreement on Safeguards, Argentina could not justify the imposition of safeguard measures only on imports from non-MERCOSUR member states when it had conducted a safeguards investigation and made its determinations on the basis of footwear imports from all sources, including its MERCOSUR partners. However, the Appellate Body reversed the Panel's legal reasoning with respect to footnote 1 to Article2.1 of theAgreement on Safeguards and ArticleXXIV of the GATT 1994. Article XXIV deals with customs unions, and the footnote to Article2.1 of the Agreement on Safeguards concerns safeguard measures applied by a customs union. Since the safeguard measures were applied by Argentina, acting on its own behalf – and not by MERCOSUR, acting on behalf of Argentina – neither the footnote to Article2.1 of the Agreement on Safeguards nor ArticleXXIV of the GATT1994 are relevant in this case. The Appellate Body found, on the facts of this case, that Argentina was bound by the provisions of theAgreement on Safeguards to apply safeguard measures to imports from all sources, as it had conducted its investigation into imports from all sources. The Appellate Body also upheld the Panel's findings that the safeguard investigation conducted by Argentina, and Argentina's determinations of increased imports, serious injury, and causation, were not consistent with the requirements contained in Articles2 and 4 of theAgreement on Safeguards. The Appellate Body denied Argentina's claims under Articles11 and12.7 of the DSU, finding that the Panel had applied the correct standard of review and had provided a "basic rationale" for its findings and conclusions.

The report of the Appellate Body was circulated to WTO Members on 14 December 1999 and adopted by the DSB together with the Panel report, as modified by the Appellate Body report, on 12 January 2000.

9. United States – Sections 301–310 of the Trade Act of 1974, complaint by the European Communities (WT/DS152)

This dispute addressed certain elements of Sections 301–310 of the US Trade Act of 1974 following an EC complaint of violation of provisions in the DSU, GATT 1994 and the WTO Agreement. Sections 301–310 of the US Trade Act provide an important avenue for the United States to enforce its rights under WTO agreements. Sections 301–310 are also used by the United States to seek redress against trade policies not covered by the WTO or adopted by non-WTO Members. In this dispute the European Communities challenged Sections301–310 to the extent they can be invoked against WTO Members in respect of practices covered by WTO agreements. The European Communities claimed that Sections 301–310, in particular Sections 304, 305 and 306, call for unilateral action by the United States in a way that makes the legislation as such inconsistent with the multilateral dispute settlement provisions in the DSU, in particular Articles 3, 21 and 23 thereof, as well as with certain provisions of GATT 1994 and Article XVI:4 of the WTO Agreement. Article 23 of the DSU obligates WTO Members to have recourse to and abide by multilateral DSU rules and procedures whenever they seek redress of WTO inconsistencies in their trade disputes. The European Communities claimed that Sections 301–310 call, instead, for unilateral action in the enforcement of US rights under the WTO. The European Communities thus challenged US trade legislation as such; not specific action taken by the United States in the course of particular WTO disputes where the United States may have applied Section301.

On 2 March 1999, the DSB established a panel to examine the EC complaint. Brazil, Canada, Cameroon, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, Hong Kong, India, Israel, Jamaica, Japan, Korea, St. Lucia and Thailand reserved their third-party rights. In its evaluation of Sections 301–310 the Panel considered not only the trade legislation as such – the statute – but also administrative statements made by the United States when it implemented the Uruguay Round Agreements as well as US statements made during the Panel proceedings, both shedding light on how the US Administration has decided and bound itself to implement Sections301–310. These US statements were treated as an integral part of Sections 301–310.

The main EC claim was that Section 304 is WTO-inconsistent because it mandates the United States Trade Representative (USTR), in certain circumstances, to unilaterally decide whether another WTO Member has violated WTO rules before the completion of multilateral DSU procedures on the matter. More particularly, the EC complained about the fact that Section 304 mandates the USTR to determine whether US rights under the WTO have been denied within 180 days after a WTO request for consultations even though by that time the panel and Appellate Body reports on the matter may not yet be adopted by the DSB. If the determination required by Section 304 is that US rights under the WTO have been denied, then the USTR has to decide what action to take in response pursuant to Section 301.

The Panel found that looking only at the statutory language of Section 304 there is, indeed, a serious threat of such unilateral decision being taken, even though nothing forces the USTR to do so. The Panel found that it is within the power of the USTR to decide, for example, that US rights under the WTO have not been denied or to postpone the determination of WTO inconsistency until DSB recommendations on the matter have been adopted. This threat – with its apparent "chilling effect" on other Members and, indirectly, the market-place and individual economic operators within it – was found to constitute a prima facie violation of the DSU. As the Panel put it, "merely carrying a big stick is, in many cases, as effective a means to having one's way as actually using the stick" or "the threat of unilateral action can be as damaging on the market-place as the action itself".

However, the Panel then considered the other elements of Section 304, in particular statements by the US Administration adopted by Congress and confirmed by US undertakings before the Panel, in which the USTR's discretion to take unilateral action before exhaustion of DSU procedures has been curtailed. The Panel regarded these US undertakings as effectively guaranteeing that under US law the USTR cannot make a unilateral decision that another WTO Member has violated its WTO obligations until completion of DSU procedures. The Panel concluded that these undertakings had thereby removed the prima facie inconsistency of Section 304 with the DSU.

The Panel also considered EC claims that Sections 305 and 306 – dealing with USTR decisions in respect of whether a WTO Member has implemented DSB recommendations and what action to take in response – are inconsistent with the DSU. The Panel did not decide the controversy of the proper sequence of Article 21.5 of the DSU – calling for the original panel to decide any disagreement in respect of implementing measures within 90 days – and Article 22.6 of the DSU – allowing prevailing Members to suspend concessions already after 60 days. The Panel concluded that under both the US and the EC view, Sections 305 and 306 are not inconsistent with Article 23 of the DSU. In part, this conclusion was again based on US decisions and statements that effectively curtailed the USTR's discretion to take unilateral action in respect of the implementation of DSB recommendations as well as the suspension of concessions under Sections 305 and 306.

Finally, the Panel also rejected the EC claim that Section 306 violates certain provisions of the GATT 1994. The Panel did so because the success of these GATT claims depended on the acceptance of the EC claims under the DSU.

The Panel concluded that "[i]n the light of the statutory and non-statutory elements of Sections 301–310, in particular the US undertakings articulated in the Statement of Administrative Action approved by the US Congress at the time it implemented the Uruguay Round agreements and confirmed and amplified in the statements by the US to this Panel, ... those aspects of Sections 301–310 of the US Trade Act brought before us in this dispute are not inconsistent with US obligations under the WTO". However, the Panel also added: "Significantly, all these conclusions are based in full or in part on the US Administration's undertakings mentioned above. It thus follows that should they be repudiated or in any other way removed by the US Administration or another branch of the US Government, the findings of conformity contained in these conclusions would no longer be warranted".

The Panel report was circulated to WTO Members on 22 December 1999. The DSB adopted the Panel report at its meeting on 27 January 2000.

Implementation of adopted reports– Developments during 1 August 1999 to 31 January 2000

1. European Communities – Regime for the importation, sale and distribution of bananas, complaints by Ecuador, Guatemala, Honduras, Mexico and the United States (WT/DS27)

At its meeting of 25 September 1997, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that the European Communities' regime for the importation, sale and distribution of bananas is inconsistent with GATT 1994 and GATS.

With a view to implementing the DSB rulings, the European Communities enacted a revised banana import regime consisting of Regulation 1637/98 of 20 July 1998 and Regulation 2362/98 of 28 October 1998. The "reasonable period of time" for the European Communities to implement the DSB recommendations and rulings was determined through arbitration and expired on 1 January 1999.

In proceedings requested by Ecuador under Article 21.5 of the DSU, the reconvened Panel found that the implementation measures taken by the European Communities were inconsistent with its WTO obligations under Article XIII of GATT 1994 and Articles II and XVII of GATS. In proceedings requested by the European Communities under Article 21.5 of the DSU, the reconvened Panel found that, because Ecuador had successfully challenged the WTO-consistency of the European Communities' measures taken in implementation of the original DSB recommendations, it was unable to agree with the European Communities that the European Communities must be presumed to be in compliance with the recommendations of the DSB. Both Panel reports pursuant to Article 21.5 were circulated on 12 April 1999.

On 14 January 1999, the United States, pursuant to Article 22.2 of the DSU, requested authorization from the DSB for suspension of concessions to the European Communities in an amount of US$520 million. Following arbitration under Article 22.6 of the DSU on the level of nullification suffered by the United States, the DSB, on 19 April 1999, authorized the United States to suspend concessions to the European Communities equivalent to the reduced level of nullification and impairment as it was determined in the arbitration, i.e. US$191.4 million.

On 8 November 1999, Ecuador requested authorization from the DSB to suspend the application to the European Communities of concessions or other obligations under GATT 1994, TRIPS and GATS, pursuant to Article 22.2 of the DSU, in an amount of US$450 million. At the DSB meeting on 19 November 1999, the European Communities, pursuant to Article 22.6 of the DSU, requested arbitration on the level of suspension of concessions requested by Ecuador. The DSB referred the issue of the level of suspension to the original panel for arbitration. Pursuant to Article 22.6 of the DSU, the request for the suspension of concessions by Ecuador was deferred by the DSB until the determination, through the arbitration, of the appropriate level for the suspension of concessions.

2. United States – Import prohibition of certain shrimp and shrimp products, complaint by India, Malaysia, Pakistan and Thailand (WT/DS58)

At its meeting of 6 November 1998, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that the United States ban on importation of shrimp and shrimp products from certain countries is inconsistent with Article XI:1 of GATT 1994 and cannot be justified under Article XX thereof.

The "reasonable period of time" for the United States to implement the DSB recommendations and rulings was mutually agreed between the parties and expired on 6 December 1999.

On 22 December 1999, Malaysia and the UnitedStates informed the DSB that they had reached an understanding regarding possible proceedings under Articles 21 and 22 of the DSU, in particular, that Malaysia will not at this stage initiate proceedings under Article 21.5 or Article 22 of the DSU and that, if Malaysia decides to do so in the future, Malaysia will initiate proceedings under Article 21.5 prior to any proceedings under Article22.

3. Australia – Measures affecting the importation of salmon, complaint by Canada (WT/DS18)

At its meeting of 6 November 1998, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that Australia's prohibition of imports of fresh chilled or frozen salmon from Canada is inconsistent with Articles 5.1, 2.2, 5.5 and 2.3 of the SPS Agreement.

The "reasonable period of time" for Australia to implement the DSB recommendations and rulings was determined through arbitration and expired on 6 July 1999. On 15 July 1999, Canada announced its intention to request authorization from the DSB to suspend the

application to Australia of tariff concessions and related obligations under the GATT 1994, pursuant to Article 22.2 of the DSU, in an amount of CAN$45 million.

At the meeting of the DSB held on 27 and 28 July 1999, Australia informed the DSB that it had fully implemented the DSB recommendations through an Australian Quarantine and Inspection Service (AQIS) decision of 19 July 1999. At the same meeting, Canada requested the establishment of a panel pursuant to Article 21.5 of the DSU. The DSB agreed that the Article 21.5 request be referred to the original Panel. The DSB also agreed, at the request of Australia, that the matter would be referred to arbitration to determine the level of suspension of concessions, pursuant to Article 22.6 of the DSU. Canada and Australia agreed that the arbitration proceedings would be held in abeyance until after the circulation of the panel report under Article 21.5. If the Article 21.5 Panel found that Australia had acted inconsistently with its WTO obligations, then Australia and Canada would request the immediate resumption of the Article 22.6 arbitration, regardless of whether either party appealed the Article 21.5 panel report.

The European Communities, Norway and the United States reserved their third-party rights in the Article 21.5 panel proceedings. On 13 December 1999, the chairman of the Article 21.5 compliance Panel notified the DSB that the Panel intends to finalize its work by early February 2000.

---

4. Korea – Taxes on alcoholic beverages, complaints by the European Communities and the United States (WT/DS75 and 84)

At its meeting of 17 February 1999, the DSB adopted the Panel report, as confirmed by the Appellate Body report, finding that Korea's internal taxes imposed on certain alcoholic beverages are inconsistent with Article III:2 of GATT 1994.

The "reasonable period of time" for Korea to implement the DSB recommendations and rulings was determined through arbitration and expired on 31 January 2000.

At the DSB meeting on 27 January 2000, Korea stated that it considered to have fully implemented the DSB recommendations and rulings by amending its Liquor Tax Law and Education Tax Law to impose flat rates of 72% liquor tax and 30% education tax on all distilled alcoholic beverages on a non-discriminatory basis.

---

5. Japan – Measures affecting agricultural products, complaint by the United States (WT/DS76)

At its meeting of 19 March 1999, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that Japan's varietal testing requirement in respect of certain fruits is inconsistent with Articles 2.2, 5.1 and 7 of the SPS Agreement.

The "reasonable period of time" for Japan to implement the DSB recommendations and rulings was determined by mutual agreement and expired on 31 December 1999. On 31 December 1999, Japan abolished the varietal testing requirement as well as the "Experimental Guide". At the DSB meeting of 14 January 2000, Japan stated that it was conducting consultations with the United States regarding a new quarantine methodology for those products subject to import prohibitions because they were hosts of the pest codling moth. At the DSB meeting of 27 January 2000, Japan submitted its first status report stating that since it is still necessary to prevent the introduction of codling moth, Japan has been conducting consultations with the United States regarding a new quarantine methodology on the eight products that are currently subject to import prohibitions as these products are hosts of codling moth and that Japan expects that those consultations will come to a mutually satisfactory solution in the near future.

---

6. United States – Anti-dumping duty on dynamic random access memory semiconductors (DRAMS) of one megabit or above from Korea, complaint by Korea (WT/DS99)

At its meeting of 19 March 1999, the DSB adopted the Panel report, a report that was not appealed, finding that a decision of the US Department of Commerce not to revoke the anti-dumping duty on dynamic random access memory semi-conductors (DRAMS) of one megabyte or above originating from Korea is inconsistent with Article 11.2 of the Anti-Dumping Agreement.

The "reasonable period of time" for the United States to implement the DSB recommendations and rulings was determined by mutual agreement and expired on 19 November 1999. At the DSB meeting of 27 January 2000, the United States stated that it considered to have implemented the recommendations and rulings by the DSB. The United States recalled that the Commerce Department had amended section 351.222(b) by deleting the "not likely" standard and incorporating the "necessary" standard of the Anti-Dumping Agreement. The Commerce Department then issued a revised Final Results of Redetermination in the Third Administrative Review on 4 November 1999, concluding that,

because a resumption of dumping was likely, it was necessary to leave the anti-dumping order in place.

7. Australia – Subsidies provided to producers and exporters of automotive leather, complaint by the United States (WT/DS126)

At its meeting of 16 June 1999, the DSB adopted the Panel report, a report that was not appealed, finding that (1) a loan from the Australian Government to an Australian company Howe/ALH is not a subsidy contingent upon export performance within the meaning of Article 3.1(a) of the SCM Agreement, but that (2) the payments under a grant contract provided to that company are subsidies within the meaning of Article 1 of the SCM Agreement, which are contingent upon export performance within the meaning of Article 3.1(a) of that Agreement and are, therefore, inconsistent with the latter provision and with Article 3.2 of the SCM Agreement.

On 17 September 1999, Australia informed the DSB that it had implemented the recommendations and rulings of the DSB. On 4 October 1999, the United States informed the DSB that it believed that the measures taken by Australia to comply with the rulings and recommendations of the DSB were not consistent with the SCM Agreement and the DSU. In the view of the United States, Australia's withdrawal of only $A8.065 million of the $A30 million grant, and Australia's provision of a new $A13.65 million loan on non-commercial terms to Howe's parent company, ALH, were inconsistent with the recommendations and rulings of the DSB and Article3 of the SCM Agreement. The United States, therefore, requested that the original panel be reconvened pursuant to Article 21.5 of the DSU. The United States and Australia reached an agreement concerning procedures to be applied in this case. That agreement provides, inter alia, that Australia will not raise any procedural objection to the establishment of a panel in accordance with Article 21.5 of the DSU, while the United States will not request authorization to suspend concessions pursuant to Article 22.2 of the DSU until after the review panel has circulated its report. Also, it has been agreed that neither party will appeal the panel report under Article 21.5. At its meeting on 14 October 1999, the DSB agreed to reconvene the original panel pursuant to Article 21.5 of the DSU. The European Communities and Mexico reserved their third-party rights.

The Panel acting under Article 21.5 circulated its report on 21 January 2000. It found that the recommendation to "withdraw the subsidy" may possibly encompass repayment in full of a prohibited subsidy. It found that, in some cases, only repayment of the subsidy would enable the recommendation to withdraw to operate as an effective remedy for having granted a prohibited subsidy in violation of the SCM Agreement, and that there was no justifiable basis for a conclusion that would allow anything less than full repayment. The Panel further concluded that the particular facts and circumstances of this case led it to find that full repayment was necessary to withdraw the subsidy in this case. The Panel further concluded that it was within its competence to consider the new loan to Howe's parent company, and found that loan to be inextricably linked to the withdrawal of $A8.065 million from Howe. In these circumstances, the Panel concluded that the provision of the new loan nullified the repayment by Howe of $A8.065 million. The Panel found that because of the loan, in the circumstances of this case, no repayment, and consequently, no withdrawal of the prohibited subsidies, had effectively taken place.

In conclusion, the Panel determined that Australia had failed to withdraw the prohibited subsidies within 90 days, and thus had not taken measures to comply with the DSB recommendation in this dispute.

8. Brazil – Export financing programme for aircraft, complaint by Canada (WT/DS46)

At its meeting of 20 August 1999, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that interest rate equalization payments provided by Brazil on export sales of regional aircraft under the Programa de Financiamento às Exportaçes ("PROEX") are export subsidies inconsistent with Article 3 of the SCM Agreement. The Panel also recommended that Brazil withdraw the subsidies "without delay", that is, within 90 days (i.e., by 18 November 1999), a recommendation that was upheld by the Appellate Body.

At the DSB meeting of 19 November 1999, Brazil announced that it had withdrawn the measures at issue within 90 days and had thus implemented the recommendations and rulings of the DSB. In Canada's view, however, Brazil's communication to the DSB on 19 November 1999 provided insufficient information to demonstrate compliance, in particular as to Brazil's intentions with respect to implementation of the DSB recommendations concerning regional aircraft to be delivered after 18 November 1999 (the end of the 90 day period) under contracts for sale entered into before 18 November 1999. On 23November 1999, Canada requested the establishment of a panel under Article21.5 of the DSU, requesting that the panel find that Brazil had not taken measures to comply fully with the

rulings and recommendations of the DSB. Canada and Brazil reached an agreement concerning the procedures to be applicable pursuant to Articles 21 and 22 of the DSU and Article 4 of the Subsidies Agreement.

At its meeting on 9 December 1999, the DSB agreed to reconvene the original panel pursuant to Article 21.5 of the DSU. Australia, the European Communities and the United States have reserved their third-party rights.

9. Canada – Measures affecting the export of civilian aircraft, complaint by Brazil (WT/DS70)

At its meeting of 20 August 1999, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that certain assistance provided by Canada and certain of its provinces to the Canadian regional aircraft industry constitute export subsidies prohibited under Articles 3.1(a) and 3.2 of the SCM Agreement. The Panel also recommended that Canada withdraw the subsidies "without delay", that is, within 90 days (i.e., by 18 November 1999), a recommendation that was not reversed by the Appellate Body.

At the DSB meeting of 19 November 1999, Canada announced that it had withdrawn the measures at issue within 90 days and thus had implemented the recommendations and rulings of the DSB. On 23November1999, Brazil requested the establishment of a panel under Article 21.5 because it believed that Canada had not taken measures to comply fully with the rulings and recommendations of the DSB. Brazil and Canada reached an agreement concerning the procedures to be applicable pursuant to Articles21 and 22 of the DSU and Article 4 of the Subsidies Agreement. At its meeting on 9 December 1999, the DSB agreed to reconvene the original panel pursuant to Article 21.5 of the DSU. Australia, the European Communities and the United States have reserved their third-party rights.

10. India – Quantitative restrictions on imports of agricultural, textile and industrial products complaint by the United States (WT/DS90)

At its meeting of 22 September 1999, the DSB adopted the Panel report, as confirmed by the Appellate Body report, finding that certain quantitative restrictions maintained by India on importation of a large number of agricultural, textile and industrial products are inconsistent with Articles XI and XVIII:11 of GATT 1994, and to the extent that these restrictions apply to products subject to the Agreement on Agriculture, are inconsistent with Article 4.2 of the Agreement on Agriculture.

At the DSB meeting of 14October1999, India stated its intention to comply with the recommendations and rulings of the DSB, at the same time drawing attention to the Panel's suggestion that the reasonable period of time for implementation in this case could be longer than 15 months in view of the practice of the IMF, the BOP Committee and GATT and WTO panels of granting longer phase-out periods for the elimination of BOP restrictions, and in view of India's status as a developing country Member. India further indicated that it would consult with the United States with a view to agreeing upon a "reasonable period of time" for implementation. The United States stated its willingness to enter into such consultations and its expectation that India would implement the recommendations promptly.

On 28 December 1999, the United States and India notified the DSB that they had reached a mutual agreement with respect to the "reasonable period of time" for India's implementation of the DSB rulings and recommendations. This implementation was agreed to take place in a two-staged manner so that all quantitative restrictions at issue will be removed by 1 April 2001.

11. Canada – Measures affecting the importation of milk and the exportation of dairy products, complaints by the United States and New Zealand (WT/DS103 and 113)

At its meeting of 27 October 1999, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that (1) the provision of milk at reduced prices to processors for export under Canada's Special Milk Classes scheme constitutes "export subsidies" that are inconsistent with Canada's obligations under Articles 3.3 and 8 of the Agreement on Agriculture; and (2) the limitation imposed by Canada on its tariff-rate quota for fluid milk to "entries valued at less than C$20" is inconsistent with Article II:1(b) of GATT 1994. The United States claims covered both findings. New Zealand limited its complaint to Canada's Special Milk Classes scheme.

At the DSB meeting of 19 November 1999, Canada stated its intention to comply with the recommendations and rulings of the DSB. On 23 December 1999, Canada informed the DSB that, pursuant to Article 21.3 of the DSU and after having agreed to extend the time periods set forth in Article 21.3(b) of the DSU, Canada, the United States and New Zealand reached an understanding on four discrete periods for the "reasonable period of time" to be

accorded to Canada for an implementation process to comply with the recommendations and rulings of the DSB. According to the agreement, Canada must complete the last stage of the implementation process no later than 31 December 2000.

12. Turkey – Restrictions on imports of textile and clothing products, complaint by India (WT/DS34)

At its meeting of 19 November 1999, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, finding that the imposition by Turkey of quantitative restrictions on imports of a broad range of textile and clothing products is inconsistent with ArticlesXI and XIII of GATT 1994, as well as Article 2.4 of the Agreement on Textiles and Clothing.

At the DSB meeting of 19 November 1999, Turkey stated its intention to comply with the recommendations and rulings of the DSB.

Panel Reports pending before the Appellate Body

1. United States – Tax treatment for "foreign sales corporations", complaint by the European Communities (WT/DS108)

This dispute concerns the tax exemptions and special administrative pricing rules contained in the United States "Foreign Sales Corporations" (FSC) scheme in Sections 921–927 of the United States Internal Revenue Code. The European Communities alleges that, through these tax exemptions and special administrative pricing rules, the United States: (i) grants prohibited export and import-substitution subsidies in violation of the SCM Agreement; and (ii) grants export subsidies in relation to agricultural products inconsistent with its commitments under the Agreement on Agriculture.

On 1 July 1998, the European Communities requested the establishment of a Panel. At its meeting on 22 September 1998, the DSB established a panel. Barbados, Canada and Japan reserved their rights as third parties to the dispute.

The Panel found that the tax exemptions provided for FSCs in the United States Internal Revenue Code are export subsidies prohibited by the SCM Agreement and inconsistent with Articles 3.3 and 8 of the Agreement on Agriculture.

The Panel concluded that the FSC tax exemptions constitute a "subsidy" that is "contingent upon export performance" and is therefore prohibited by Article 3.1(a) of the SCM Agreement. It reached this conclusion on the basis of two considerations. First, it found that the various tax exemptions under the FSC scheme constitute a "subsidy" for the purposes of Article 1 of the SCM Agreement. They give rise to a financial contribution as they result in the foregoing of revenue which is otherwise due. This financial contribution confers a benefit, in as much as both FSCs and their parents need not pay certain taxes that would otherwise be due. Second, the Panel considered that the subsidy conferred by the various exemptions under the FSC scheme is "contingent upon export performance" for the purposes of Article 3.1(a) of the SCM Agreement because: it is only available with respect to "foreign trading income"; foreign trading income arises from the sale or lease of "export property" or the provision of services relating to the sale or lease of export property; and export property is limited in effect to goods manufactured, produced, grown or extracted in the United States which are held for direct use, consumption or disposition outside the United States. Thus, the existence and amount of the subsidy depends upon the existence of income arising from the exportation of US goods or the provision of services relating to the exportation of such goods. The existence of such income, in turn, depends upon the exportation of US goods or, at a minimum, in the case of income from services related to the exportation of US goods, upon "anticipated exportation".

According to the Panel, while the United States is free to maintain a world-wide tax system, a territorial tax system or any other type of system it sees fit, the United States is not free to establish a regime of direct taxation, provide an exemption from direct taxes specifically related to exports, and then claim that it is entitled to provide such an export subsidy because it is necessary to eliminate a disadvantage to exporters created by the US tax system itself.

The Panel also found that the FSC scheme was inconsistent with the United States' obligations under the Agreement on Agriculture on two bases. First, it found that the FSC scheme involves the provision of a subsidy to "reduce the costs of marketing exports of agricultural products" within the meaning of Article 9.1(d) of the Agreement on Agriculture. The Panel reasoned that income taxes are a cost of doing business and that, because FSC subsidies reduce an exporter's income tax liability with respect to marketing activities, they effectively reduce the cost of marketing agricultural products. The Panel found that the United States had provided export subsidies in respect of wheat during the years 1995 – 1997 in excess of quantity commitment levels specified in its Schedule. This constituted a violation of the first clause of Article 3.3 of the Agreement on Agriculture. Second, the Panel

found that the United States had also acted inconsistently with the second clause of Article 3.3 of the Agreement on Agriculture by making FSC subsidies available in respect of agricultural products not subject to reduction commitments in its Schedule (i.e. "unscheduled products"). In reaching this finding, the Panel noted that the United States had not contested that FSC subsidies are in fact available to FSCs which are engaged in the marketing of any agricultural product, nor that a qualifying FSC has entitlement to FSC subsidies under the relevant provisions of the United States Internal Revenue Code.

Having found that the United States acted inconsistently with Article 3.3 of the Agreement on Agriculture in respect of wheat and of all unscheduled products, the Panel consequently found the United States was also in violation of its obligations under Article 8 of that Agreement.

In relation to its finding that the tax exemptions in the FSC are inconsistent with the SCM Agreement, the Panel recommended that the DSB request the United States to withdraw the FSC subsidies without delay. Pursuant to the requirement in Article 4.7 of the SCM Agreement to specify the time period within which the measure must be withdrawn, the Panel noted that implementation of its recommendation would require legislative action, and it was not a practical possibility that the United States do so by the beginning of fiscal year 2000 (1 October 1999), as requested by the European Communities. Accordingly, the Panel specified that FSC subsidies must be withdrawn, at the latest, with effect from 1 October 2000, which is the beginning of fiscal year 2001.

On 26November 1999, the United States notified its intention to appeal certain issues of law and legal interpretations developed by the Panel. The Chairman of the Appellate Body notified the DSB that the Appellate Body report will be circulated to WTO Members no later than Thursday, 24 February 2000.

---

2. United States – Imposition of countervailing duties on certain hot-rolled lead and bismuth carbon steel products originating in the United Kingdom, complaint by the European Communities (WT/DS138)

This matter relates to the imposition by the United States of countervailing duties on certain hot-rolled lead and bismuth carbon steel (leaded bars) from the United Kingdom (UK), in particular, from United Engineering Steels Ltd (UES) and British Steel plc (BSplc). The United States imposed the countervailing duties because of subsidies granted by the UK Government to British Steel Corporation (BSC) during fiscal years 1977/78 and 1985/86.

At the time the relevant subsidies were granted, a part of BSC's activities concerned the production of leaded bars. BSC produced leaded bars at its Special Steels Business (SSB) unit. In 1986, BSC and Guest, Keen and Nettlefolds (GKN) established a joint venture for the production of leaded bars. The joint venture was called UES. In return for 50% of the shares in UES, BSC transferred its SSB to the joint venture. BSC was privatized in 1988. The privatized company was called British Steel plc ("BSplc"). Upon its privatization, BSplc acquired inter alia BSC's 50% holding in UES. In 1995, BSplc acquired GKN's 50% holding in UES. At that time, therefore, UES became a wholly-owned subsidiary of BSplc.

The European Communities alleged that these impositions of countervailing duties constitute a violation of Articles 1.1(b), 10, 14 and 19.4 of the SCM Agreement.

On 14 January 1999, the European Communities requested the establishment of a panel. At its meeting on 17 February 1999, the DSB established a panel. Brazil and Mexico reserved their third-party rights.

The Panel concluded that the countervailing duties imposed by the United States as a result of the 1995, 1996 and 1997 administrative reviews were inconsistent with Article 10 of the SCM Agreement. The Panel found that countervailing duties may only be imposed on an imported product if a subsidy has been bestowed on the production, manufacture or export of that product. The Panel based this finding on Articles 19.1, 19.4 and 21.1 of the SCM Agreement, Article VI:3 of GATT 1994, and the object and purpose of countervailing duties.

The dispute concerned alleged production subsidies. The Panel found that, in order to determine whether a subsidy had been conferred on imported leaded bars produced by UES and BSplc respectively, it was necessary, in light of Article 1.1 of the SCM Agreement, to determine whether a "financial contribution" had conferred a "benefit" on the production of those leaded bars. The Panel found that a subsidy was only conferred on the production of leaded bars if the "financial contribution" conferred a "benefit" on the producers of those leaded bars, i.e., on UES and BSplc respectively. The Panel found that any "financial contribution" embodied in assets originally acquired by BSC with the assistance of subsidies from the United Kingdom Government could only confer a "benefit" on UES and Bsplc if they were made available to UES and BSplc on terms more favourable than UES or BSplc could obtain on the market. Since both the creation of UES and the privatization of BSC that lead to the establishment of BSplc were negotiated at arm's length, for fair market value, the

Panel found that neither UES nor BSplc acquired any assets on terms more favourable than they could have obtained on the market. Accordingly, the Panel found neither UES nor BSplc should have been found to have "benefited" from any "financial contributions" embodied in assets that they acquired from BSC. In other words, the Panel rejected the US notion that the "benefit" of pre–1985/86 subsidies bestowed on BSC "travelled" to UES and BSplc via assets acquired from BSC.

Since the United States Department of Commerce had failed to demonstrate that subsidies had been bestowed on the production of imported leaded bars produced by UES and BSplc respectively, the Panel concluded that the United States was not entitled to impose countervailing duties on those imports. The Panel therefore concluded that the United States had failed to "take all necessary steps" to ensure that its countervailing duties were "in accordance with" the provisions of Article VI of GATT 1994 and the terms of the SCM Agreement, contrary to Article 10 of the SCM Agreement.

Having reached this conclusion, the Panel declined to examine whether the countervailing duties imposed as a result of the 1995, 1996 and 1997 administrative reviews were also inconsistent with Article 19.4 of the SCM Agreement.

The Panel recommended that the United States bring the relevant countervailing duties into conformity with the SCM Agreement. The Panel declined to suggest ways in which the United States might implement that recommendation.

The report of the Panel was circulated to Members on 23 December 1999. On 27 January 1999, the United States notified its intention to appeal certain issues of law and legal interpretations developed by the Panel.

Panel reports circulated to Members

Mexico – Anti-dumping investigation of high-fructose corn syrup (HFCS) from the United States, complaint by the United States (DS132)

This dispute concerns the imposition, on 23 January 1998, of definitive anti-dumping duties by Mexico on imports of high-fructose corn syrup from the United States. Based on an application filed in January 1997 by Mexico's National Chamber of Sugar and Alcohol Industries, Mexico initiated an anti-dumping investigation on 27 February 1997. The Mexican authority, SECOFI, carried out an investigation, and on 25 June 1997, published a notice of preliminary determination imposing provisional anti-dumping duties on imports of HFCS from the United States. Following further proceedings, on 23 January 1998 SECOFI published a notice announcing the final determination. In its final determination, SECOFI concluded that the Mexican industry producing sugar was threatened with material injury by imports of HFCS from the United States, and imposed definitive anti-dumping duties on those imports.

The United Sates raised claims concerning the initiation of the investigation, the final determination imposing the measure, the period of application of the provisional measure, and the retroactive levying of definitive anti-dumping duties for the period during which provisional measures were in effect.

On 8 October 1998, the United States requested the establishment of a panel. The DSB established a panel at its meeting on 25November 1998. Jamaica reserved its third-party rights.

The Panel rejected the preliminary objections made by Mexico. The Panel concluded that the United States' request for establishment of a panel properly raised claims and was sufficiently detailed to allow Members to know the substance of the United States's claims. The Panel further concluded that Mexico had not demonstrated any prejudice to its ability to defend its interests by virtue of alleged deficiencies in the complaint. The Panel determined that the claim regarding the period of application of the provisional measure was related to the final measure, and was therefore within the Panel's terms of reference. With regard to the evidentiary challenges, the Panel concluded that it would not exclude the challenged evidence from the dispute, but noted that it had not relied on that evidence in any event.

The Panel determined that the initiation of the investigation was consistent with the requirements of Articles 5.2, 5.3, 5.8, 12.1, and 12.1(iv) of the Anti-Dumping Agreement. The Panel concluded that SECOFI, the Mexican authority that carried out the investigation, was not required to specify or publish in the notice of initiation certain underlying decisions concerning the scope of the domestic industry, and that SECOFI did not err in finding that there was sufficient evidence to justify initiating the investigation.

The Panel concluded, however, that SECOFI's final determination of threat of material injury was inconsistent with the requirements of the Anti-Dumping Agreement. Specifically, the Panel determined that SECOFI's consideration of the impact of dumped imports on the domestic industry was inadequate, because SECOFI had failed to address all the factors identified in the Anti-DumpingAgreement. The Panel also concluded that the Anti-Dumping Agreement did not allow a determination of threat of material injury made on the basis of

only a part of the domestic industry's production, that sold in the industrial sector, rather than on the basis of the industry as a whole. The Panel determined that SECOFI's consideration of the potential effect of the alleged restraint agreement in its determination of likelihood of substantially increased importation was inadequate. Consequently, the Panel concluded that the final determination was not consistent with the provisions of Articles3.1, 3.2, 3.4, 3.7 and 3.7(i) of the Anti-DumpingAgreement.

The Panel also found that the extension of the period of application of the provisional measure beyond the six months provided for in the Anti Dumping Agreement was not consistent with Article7.4 of the Anti-DumpingAgreement. The Panel determined that the retroactive levying of anti-dumping duties for the period of application of the provisional measure was not consistent with the provisions of Article10.2 of the Anti-Dumping Agreement, because SECOFI had failed to make a determination that it would have found material injury in the absence of the provisional measure. The Panel went on to determine that the failure to set forth findings or conclusions on the issue of the retroactive application of the final anti-dumping measure was not consistent with the provisions of Articles12.2 and 12.2.2 of the Anti-DumpingAgreement. Finally, the Panel concluded that the failure expeditiously to release bonds and/or cash deposits collected under the provisional measure was not consistent with the provisions of Article10.4 of the Anti-DumpingAgreement.

Based on its findings, the Panel recommended that the DSB request Mexico to bring its measure into conformity with its obligations under the Anti-Dumping Agreement.

The report of the Panel was circulated to Members on 28 January 2000.

Panels established by the DSB

1. Guatemala – Definitive anti-dumping measure regarding grey portland cement from Mexico, complaint by Mexico (WT/DS156)

The request for consultations in this case is dated 5 January 1999 and concerns definitive anti-dumping duties imposed by the authorities of Guatemala on imports of grey Portland cement from Mexico and the proceedings leading thereto. Mexico alleges that the definitive anti-dumping measure is inconsistent with Articles 1, 2, 3, 5, 6, 7, 12 and 18 of the Anti-Dumping Agreement and its Annexes I and II, as well as with Article VI of GATT 1994.

At its meeting on 22September 1999, the DSB established a panel. The European Communities, Ecuador, Honduras and the United States reserved their third-party rights.

2. Canada – Patent protection term, complaint by the United States (WT/DS170)

The request for consultations in this dispute is dated 6 May 1999 and deals with the grant of patent term in Canada. The United States contends that the TRIPS Agreement obligates Members to grant a term of protection for patents that runs at least until twenty years after the filing date of the underlying protection, and requires each Member to grant this minimum term to all patents existing as of the date of the application of the Agreement to that Member. The United States alleges that under the Canadian Patent Act, the term granted to patents issued on the basis of applications filed before 1October 1989 is 17 years from the date on which the patent is issued. The United States contends that this situation is inconsistent with Articles 33, 65 and 70 of the TRIPS Agreement.

On 15 July 1999, the United States requested the establishment of a panel. At its meeting on 22September 1999, the DSB established a panel.

3. European Communities – Anti-dumping duties on imports of cotton-type bed-linen from India, complaint by India (WT/DS141)

The request for consultations in this matter is dated 3 August 1998 and was made in respect of Commission Regulation (EC) N° 2398/97 of 28 November 1997 on imports of cotton-type bed-linen from India. India asserts that the European Communities initiated anti-dumping proceedings against the import of cotton – type bed-linen from India by publishing a notice of initiation in September 1996. Provisional anti-dumping duties were imposed by EC Commission Regulation N° 1069/97 of 12 June 1997. This was followed by the imposition of final duties in accordance with the above-mentioned EC Council Regulation of 28 November 1997. India contends that the determination of standing, the initiation, the determination of dumping and injury as well as the explanations of the EC authorities' findings are inconsistent with WTO law. India is also of the view that EC authorities' establishment of the facts was not proper and that the EC's evaluation of facts was not unbiased and objective. India also contends that the EC has not taken into account the special situation of India as a developing country. India alleges violations of Articles 2.2.2, 3.1, 3.2, 3.4, 3.5, 5.2, 5.3, 5.4, 5.8, 6., 12.2.2, and 15 of the Anti-Dumping Agreement, and Articles I and VI of the GATT 1994.

On 7 September 1999, India requested the establishment of a panel. At its meeting on 27 October 1999, the DSB established a panel. Egypt, Japan and the United States reserved their third-party rights.

4. United States – Safeguard measure on imports of fresh, chilled or frozen lamb from New Zealand and Australia, complaints by New Zealand and Australia (WT/DS177 and 178)

The requests for consultations by New Zealand and Australia in this matter date, respectively, from 16 and 23 July 1999 and were made in respect of definitive safeguard measures imposed by the United States on imports of lamb meat from New Zealand and Australia. New Zealand and Australia allege that by Presidential Proclamation under Section 203 of the USTradeAct 1974, the United States imposed a definitive safeguard measure in the form of a tariff-rate quota on imports fresh, chilled, or frozen lamb meat effective from 22 July 1999. New Zealand contends that this measure is inconsistent with Articles 2, 4, 5, 11 and 12 of the Agreement on Safeguards and ArticlesI and XIX of GATT 1994. Australia contends that this measure is inconsistent with Articles 2, 3, 4, 5, 8, 11 and 12 of the Agreement on Safeguards and Articles I, II and XIX of GATT 1994.

On 14 October 1999, both New Zealand and Australia requested the establishment of a panel. At its meeting on 19 November 1999, the DSB established a panel and agreed that, pursuant to Article 9.1 of the DSU, both complaints would be examined by the same panel. Canada, the European Communities, Iceland and Japan reserved their third-party rights.

5. Thailand – Anti-dumping duties on angles, shapes and sections of iron or non-alloy steel; H-beams from Poland, complaint by Poland (WT/DS122)

The request for consultations in this dispute is dated 6 April 1998 and concerns the imposition of final anti-dumping duties on imports of certain steel products from Poland. Poland alleges that provisional anti-dumping duties were imposed by Thailand on 27 December 1996, and that a final anti-dumping duty of 27.78% of CIF value for the products referred to, produced or exported by any Polish producer or exporter, was imposed on 26 May 1997. Poland further alleges that Thailand refused two requests by Poland for disclosure of findings. Poland contends that these actions by Thailand violate Articles 2, 3, 5 and 6 of the Anti-Dumping Agreement.

On 13 October 1999, Poland requested the establishment of a panel. At its meeting on 19 November 1999, the DSB established a panel. The European Communities, Japan and the US reserved their third-party rights.

6. United States – Anti-dumping measures on stainless steel plate in coils and stainless steel sheet and strip from Korea, complaint by Korea (WT/DS179)

The request for consultations in this case, dated 30 July 1999, is in respect of Preliminary and Final Determinations of the United States Department of Commerce on Stainless Steel Plate in Coils from Korea dated 4 November 1998 and 31March1999, respectively, and Stainless Steel Sheet and Strip from Korea dated 20 January 1999 and 8 June 1999, respectively. Korea considers that several errors were made by the United States in those determinations which resulted in erroneous findings and deficient conclusions as well as the imposition, calculation and collection of anti-dumping margins which are incompatible with the obligation of the United States under the provisions of the Anti-Dumping Agreement and Article VI of GATT1994 and in particular, but not necessarily exclusively, Article 2, Article 6 and Article 12 of the Anti-Dumping Agreement. Korea believes that the United States did not act in conformity with the cited provisions, among others, in its treatment of the following: certain United States sales made to a bankrupt company; the calculation of two distinct exchange rate periods for export sales; and currency conversion for certain normal value sales made in US dollars.

On 14 October, Korea requested the establishment of a panel. At its meeting on 19 November 1999, the DSB established a panel. The EC and Japan reserved their third-party rights.

Panels suspended

Australia – Measures affecting the importation of salmonids, complaint by the United States (WT/DS21)

The request for consultations in this dispute, dated 17 November 1995, concerns the Australian import prohibition on fresh chilled or frozen salmon that was found to be inconsistent with the SPS Agreement in a similar dispute initiated by Canada (WT/DS18). On 11May1999, the United States requested the establishment of a panel. At its meeting on 16 June 1999, the DSB established a panel. Canada, the European Communities, Hong Kong/China, India and Norway reserved their third-party rights. At the request of the

complainants, the Panel agreed on 8 November 1999 to suspend its work, pursuant to Article 12.12 of the DSU, until such time as the panelists have completed their work in the ongoing proceeding requested by Canada pursuant to Article 21.5 of the DSU (WT/DS18) or for 11months, whichever is the earlier.

Panel requests withdrawn

Colombia – Safeguard measure on imports of plain polyester filaments from Thailand, complaint by Thailand(DS/181)

This request for a panel, dated 7 September 1999, concerns a safeguard measure imposed by Colombia against imports of plain polyester filaments from Thailand. Colombia's safeguard measure was alleged to be inconsistent with Article 2 of the Agreement on Textiles and Clothing (ATC) regarding the application of a transitional safeguard mechanism and with Article 2 of the ATC regarding the introduction and application of restrictions by Members. The safeguard measures imposed by Colombia on 26 October 1998 have been subject to the two-stage examination and review procedures by the Textiles Monitoring Body (TMB). The TMB recommended at its fiftieth meeting held on 16–19 November 1998 that Colombia rescind the measure. On 22 December 1998, Colombia notified the TMB of its inability to conform with this TMB recommendation and provided the TMB with reasons therefor. At its fifty-second meeting on 18–20 January 1999, the TMB reviewed the matter and repeated its recommendation to Colombia to rescind the safeguard measure forthwith.

At the DSB meeting on 27 October 1999, Thailand announced that it was withdrawing its request for a panel because the Colombian safeguard measure had been terminated.

Table IV.8

Requests for consultations[1]

Dispute	Complainant	Date of Request
United States – Reclassification of Certain Sugar Syrups (WT/DS180)	Canada	6 September 1999
Ecuador – Provisional Anti-Dumping Measure on Cement from Mexico (WT/DS182)	Mexico	5 October 1999
Brazil – Measures on Import Licensing and Minimum Import Prices (WT/DS183)	European Communities	14 October 1999
United States – Anti-Dumping Measures Affecting on Certain Hot-Rolled Steel Products from Japan (WT/DS184)	Japan	18 November 1999
Trinidad and Tobago – Certain Measures Affecting Imports of Pasta from Costa Rica (WT/DS185)	Costa Rica	18 November 1999
United States – Section 337 of the Tariff Act of 1930 and amendments thereto (WT/DS186)	European Communities	12 January 2000
Trinidad and Tobago – Provisional Anti-Dumping Measures on Macaroni and Spaghetti from Costa Rica (WT/DS187)	Costa Rica	17 January 2000
Nicaragua – Measures Affecting Imports from Honduras and Colombia (WT/DS188)	Colombia	17 January 2000
Argentina – Definitive Anti-Dumping Measures on Carton-Board Imports from Germany and Definitive Anti-Dumping Measures on Imports of Ceramic Floor Tiles from Italy(WT/DS189)	European Communities	27 January 2000

[1] These cases appear in order of date requested. More information on these requests can be found on the WTO website. The list does not include those disputes where a panel was either requested or established.

Table IV.9

Notification of a mutually agreed solution

Dispute	Complainant	Date Settlement Notified
European Communities – Measures Affecting Butter Products (WT/DS72)	New Zealand	11 November 1999

DSU review

Pursuant to the Decision on the Application and Review of the Understanding on Rules and Procedures Governing the Settlement of Disputes, the Ministerial Conference was invited to complete a full review of dispute settlement rules and procedures under the World Trade Organization within four years after the entry into force of the Agreement Establishing the World Trade Organization. Pursuant to the Decision, the Ministerial Conference is to take a decision on the occasion of its first meeting after the completion of the review whether to continue, modify or terminate such dispute settlement rules and procedures.

The review was commenced by the Dispute Settlement Body in early 1998. At its meeting of 9–11 and 18 December 1998, the General Council decided to continue and to complete the review process including the preparation of the report by the end of July 1999. Intensive discussions took place until the 31 July deadline and continued in informal sessions even after the expiry as all Members attempted in good faith to reach agreement on a recommendation to modify the WTO dispute settlement rules and procedures. These discussions were not concluded by the 22 September meeting of the DSB. No agreement was reached at that meeting on a recommendation to continue the DSU Review. Also, no agreement was reached in this regard at the 6 October meeting of the General Council. Therefore it was concluded that the formal DSU Review had ended without a recommendation. The DSB Chairman reported that informal discussions continued outside of the formal DSU process on a proposed text of amendments to the DSU. These discussions resulted in a proposal for an amendment from some 15 Members (Doc. WT/Min(99)/8) that was presented to the Third Session of the Ministerial Conference. During that session no agreement was reached on this proposal.

VIII. Trade Policy Review Mechanism

The objectives of the Trade Policy Review Mechanism (TPRM), as established in Annex 3 of the Marrakesh Agreement,are to contribute to improved adherence by all Members of the WTO to its rules, disciplines and commitments, and thus to the smoother functioning of the multilateral trading system. The TPR reviews aim to achieve greater transparency in, and understanding of, the trade policies and practices of Members. The Mechanism enables the regular collective appreciation and evaluation of the full range of individual Members' trade policies and practices in all areas covered by the WTO Agreements, and their impact on the functioning of the multilateral trading system. Reviews take place against the background of the wider economic and developmental needs, policies and objectives of the Member concerned, as well as the external trading environment. They are not intended to serve as a basis for the enforcement of obligations, for dispute settlement procedures, or to impose new policy commitments.

Reviews are conducted in the Trade Policy Review Body (TPRB), a full-membership body of equal ranking to the General Council and the Dispute Settlement Body. During 1999, the TPRB was chaired by Ambassador Jean-Marie Noirfalisse (Belgium).

Under the TPRM, the four largest trading entities (the European Union (EU), the United States, Japan and Canada – the "Quad") are reviewed every two years; the next 16 largest trading partners every four years; and the remaining WTO Members every six years, with a longer interval envisaged for least-developed countries. It has been agreed that these intervals may, if necessary, be applied with a flexibility of six months' extension; and that every second review of the "Quad" countries should be an interim review, while remaining comprehensive in scope.

By the end of 1999, a total of 120 reviews had been conducted,[7] covering 71 WTO Members (counting EU–15 as one), with Canada and the United States having been reviewed five times; the EU and Japan four times; four Members (Australia; Indonesia; Hong Kong, China; and Thailand) three times and 26 Members twice. During 1999, the TPRB carried out 12 reviews: Nicaragua, Guinea, Papua New Guinea, and Togo (first reviews); Argentina, Bolivia, Egypt, Israel, the Philippines, and Romania (second reviews); Thailand (third review); and the United States (fifth review). The Chairperson's concluding remarks for these reviews are included in Annex II, page94. The programme for the year 2000 includes 15 reviews covering 16 Members.

Over the past few years, greater focus has been placed on reviews of least-developed countries (LDCs), as encouraged by the November 1997 High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development. By the end of 1999, TPR reviews had covered ten of the 28 LDCs that are WTO Members.

As required in Annex 3 of the Marrakesh Agreement establishing the Mechanism, the TPRB undertook in 1999 an appraisal of the operation of the Trade Policy Review

[7] This total includes separate reviews of Austria, Finland and Sweden which were undertaken before their accession to the European Union. It also counts individually those countries which were considered under a grouped review in the TPRB.

Mechanism. Overall, Members found that the TPRM was functioning effectively and that its mission and objectives remained important. The results of the Appraisal were presented to the Third Ministerial Conference in Seattle.

The TPRB is also responsible for carrying out the Annual Overview of developments in the international trading environment which have an impact on the multilateral trading system, on the basis of an Annual Report by the Director-General.[8]

Substantial progress has continued to be made in enhancing awareness of the TPRM. Documents distributed for reviews are available to all delegations of WTO Members in electronic format through the Secretariat's Document Management System. Press briefings are held regularly by the Chair and in some cases by the Member under review. The Summary Observations of the Secretariat Report, the WTO press release, and the Concluding Remarks by the Chair are available immediately on the WTO Internet home page. TPR reports are published on behalf of the WTO by Bernan Associates. This commercial arrangement aims to ensure a wide and efficient distribution of the reports. A CD-ROM of all Trade Policy Reviews is also made available by Bernan Associates.

IX. Committee on Balance-of-Payments Restrictions

On 20 and 21 September, the Committee consulted with the Slovak Republic. Members recognized that the Slovak Republic faced serious economic difficulties and a fragile balance-of-payments situation. Fiscal and current account deficits were unsustainable, external debt had nearly doubled in the last three years and foreign exchange reserves, at less than three months of import coverage, remained at uncomfortably low levels. Members considered that the import surcharge, as a price-based measure accompanied by a phase-out schedule, was consistent with the provisions of GATT 1994. Several Members noted the number of exemptions, designed to promote investment and meet basic needs; some members expressed doubts about the effectiveness of the measure to solve the present economic difficulties. The Committee welcomed the fact that the trade measure was part of a larger package aimed at financial stabilization and accompanied by a concerted effort to undertake macroeconomic and structural reform, which Members recognized as painful and courageous but necessary and long overdue. Members encouraged the Slovak Republic to ensure that the reform process be implemented as planned and even accelerated, if possible. Such a fundamental reform was vital to bringing about lasting stability and would allow the surcharge to be eliminated in line with the proposed timetable, if not ahead of schedule.[9]

The consultations with Pakistan scheduled for November were postponed until early in the year 2000.

X. Committee on Regional Trade Agreements

The Committee on Regional Trade Agreements (CRTA) held one formal session during the period under review. During that meeting, Members pursued the examination of regional trade agreements (RTAs) notified to the WTO and forwarded to the CRTA by the Council for Trade in Goods, the Council for Trade in Services and the Committee on Trade and Development. By the end of 1999, the Committee had concluded the factual examination of 52 individual agreements, out of a total of 77 RTAs under its purview;[10] however, Members had not yet agreed on the language of the reports on any of such examinations.

In complying with its mandate to analyze the systemic implications of RTAs for the multilateral trading system, the Committee pursued, during its last session in 1999, the identification of issues related to GATS Article V and a preliminary discussion took place on this subject, based on new submissions by Members.

XI. Committee on Trade and Development

Between August and December 1999, the Committee met once, in October 1999, chaired by Ambassador Mme. Absa Claude Diallo (Senegal). At that meeting it discussed the issue of funding of technical assistance activities on the basis of a report by the Chairperson on discussions with the Committee on Budget, Finance and Administration; examined the Secretariat's three-year plan for technical cooperation for the period 2000–2002; held a preliminary discussion of the work programme of the Committee for the year 2000; took note of a notification by Papua New Guinea of the Melanesian Spearhead Group Trade

[8] The Report for 1999 is contained in WTO document WT/TPR/OV/5, of 15 October 1999.

[9] WT/BOP/R/48.

[10] A detailed list of all RTAs notified to the GATT/WTO to date can be found on the WTO website.

Agreement; and adopted the Annual Report of the Committee. No final decisions were taken on the questions of technical assistance funding or of the Committee's work programme, pending the outcome of the Third Ministerial Conference in Seattle; the Committee's work programme was to be taken up again at the first Committee meeting of 2000.

The Committee also heard a presentation by Mr Jean-Claude Faure, Chairman of the OECD Development Assistance Committee (DAC) on its work on the development of trade capacity, and agreed to maintain contact with the DAC.

Sub-Committee on Least-Developed Countries

The Sub-Committee on Least-Developed Countries (The Sub-Committee) is a subsidiary body to the Committee on Trade and Development with the mandate of giving special attention to issues of particular importance to the least-developed countries. During the period 1 August 1999 to 31 December 1999, the Sub-Committee met twice, on 28September and 19 November, under the chairmanship of Ambassador Benedikt Jónsson (Iceland). Two principal themes were addressed by the Sub-Committee at those meetings: the follow-up to the 1997 High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development and market access for products originating in least-developed countries.[11]

Follow-up to the high-level meeting on integrated initiatives for Least-Developed Countries' trade development

Under this standing Agenda-Item, the Sub-Committee concentrated on monitoring progress in the Integrated Framework for trade-related technical assistance to least-developed countries. Particular emphasis was put on monitoring the preparation for and the holding of round-table meetings for some least-developed countries.

Market access

The Sub-Committee began its consideration of a Secretariat compilation of exiting market access information on tariff barriers facing LDC exports[12] and requested the Secretariat to summarize the information compiled to provide an overview for further discussion.[13]

In preparation of future work in the Sub-Committee, the Sub-Committee requested the Secretariat to consider an old document on difficulties faced by least-developed countries in implementing WTO Agreements, the discussions on that document, and to come up with suggestions as to how least-developed countries could be assisted in implementing WTO Agreements.[14]

XII. Committee on Trade and Environment

The WTO Committee on Trade and Environment's mandate and terms of reference are set out in the Marrakesh Ministerial Decision on Trade and Environment of April 1994. The CTE has a two-fold mandate: "to identify the relationship between trade measures and environmental measures in order to promote sustainable development"; and "to make appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required, compatible with the open, equitable and non-discriminatory nature of the system".

This broad-based mandate covers goods, services, and intellectual property rights and builds on progress already achieved in the GATT Group on Environmental Measures and International Trade. With the aim of making international trade and environmental policies mutually supportive, the CTE's work programme was initially set out in the following ten items:

- Item 1: the relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements;
- Item 2: the relationship between environmental policies relevant to trade and environmental measures with significant trade effects and the provisions of the multilateral trading system;
- Item 3: the relationship between the provisions of the multilateral trading system and: (a) charges and taxes for environmental purposes; and (b) requirements for environmental purposes relating to products, including standards and technical regulations, packaging, labelling and recycling;
- Item 4: the provisions of the multilateral trading system with respect to the transparency of trade measures used for environmental purposes and environmental measures and requirements which have significant trade effects;
- Item 5: the relationship between the dispute settlement mechanisms in the multilateral trading system and those found in multilateral environmental agreements;

[11] See documents WT/COMTD/LDC/M/17 and 18 for full reports of the proceedings at those meetings.

[12] Issued as document WT/COMTD/LDC/W/16.

[13] Subsequently issued as document WT/COMTD/LDC/W/17.

[14] Subsequently issued as document WT/COMTD/LDC/W/19.

- Item 6: the effect of environmental measures on market access, especially in relation to developing countries, in particular to the least-developed among them, and environmental benefits of removing trade restrictions and distortions;
- Item 7: the issue of exports of domestically prohibited goods;
- Item 8: the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights;
- Item 9: the work programme envisaged in the Decision on Trade in Services and the Environment;
- Item 10: input to the relevant bodies in respect of appropriate arrangements for relations with intergovernmental and non-governmental organizations referred to in Article V of the WTO.

A start on the work programme was made soon after the Marrakesh Ministerial meeting, under the authority of the WTO Preparatory Committee, and from 1 January 1995, with the coming into force of the WTO Agreement, the CTE was formally established to continue work on trade and environment.

The CTE has continued to broaden and deepen the analysis of all items of the work programme set out in the Marrakesh Ministerial Decision on Trade and Environment based on a "cluster approach" under the themes of market access and the linkages between the multilateral environment and trade agendas.

The Chairman of the CTE in 1999 was Ambassador Istvàn Major of Hungary.

At a meeting held on 21 October 1999, the CTE discussed trade in services and the environment (Item 9); relations with intergovernmental and non-governmental organizations (Item 10); Items of the work programme relevant to the linkages between the multilateral environment and trade agendas (Items 1&5, 7 and 8); and Items related to market access (Items 2, 3, 4, and 6). The CTE adopted its report on work in 2000 for submission to the General Council (WT/CTE/4). Members also adopted the CTE's work programme and schedule of meetings for 2000. It was agreed that the CTE would hold three meetings in 2000 (29 February–1 March, 5–6 July and 24–25 October). Observer status was extended to the Islamic Development Bank and the Southeast Asian Fisheries Development Centre.

At the October meeting, Members made statements on ways in which to strengthen relations with civil society; the importance of performing environmental reviews at the national level of trade agreements; the environmental effects of removing trade restrictions and distortions in the agriculture, fisheries, forestry and environmental services sectors; the export of domestically prohibited goods; and the relationship between the Convention on Biological Diversity and the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The FAO circulated a background paper setting out FAO work on fishing capacity and fisheries subsidies contained in WT/CTE/W/126. For discussion under Item 8, the Secretariat issued a new document on "The relationship between the Convention on Biological Diversity and the TRIPS Agreement: with a focus on Article 27.3(b)".

More detailed information on CTE meetings is contained in the WTO Trade and Environment Bulletin. A comprehensive discussion of the work programme and the conclusions and recommendations to Ministers at the Singapore Ministerial Conference in 1996 are contained WT/CTE/1. Reports of the CTE and the Trade and Environment Bulletins are available from the WTO Secretariat and can be accessed through the trade and environment pages of the WTO website at: http:\\www.wto.org.

XIII. Plurilateral Agreements

Agreement on Government Procurement

The present plurilateral Agreement on Government Procurement entered into force on 1 January1996, it being the successor to the earlier Tokyo Round Agreement. The following WTO Members are Parties to the Agreement: Canada; the European Communities and 15 member States; Hong Kong, China; Israel; Japan; Korea; Liechtenstein; the Kingdom of the Netherlands with respect to Aruba; Norway; Singapore; Switzerland; and the United States. Fifteen WTO Members have observer status: Argentina; Australia; Bulgaria; Chile; Colombia; Estonia; Iceland; Jordan; Kyrgyz Republic; Latvia; Mongolia; Panama; Poland; Slovenia; and Turkey. Four non-WTO members, Chinese Taipei, Croatia, Georgia and Lithuania, and two intergovernmental organizations, the IMF and the OECD, also have observer status. Chinese Taipei, Iceland, Kyrgyz Republic, Latvia, Iceland and Panama are currently conducting bilateral consultations with Parties with a view to their accession to the Agreement.

National implementing legislation was notified by Canada; Hong Kong, China; the Republic of Korea; Norway; Switzerland; the European Community; and the United States. At the 5October1999 meeting, the Committee completed the review of national implementing legislation of the European Community and Switzerland and took up

outstanding points with respect to its review of national legislation of Canada, the Republic of Korea and the United States.

Article XXIV:7(b) and (c) of the Agreement calls on the Parties, not later than the end of the third year from the date of its entry into force, to undertake further negotiations, with a view to improving the Agreement and achieving the greatest possible extension of its coverage among all Parties and eliminating any remaining discriminatory measures and practices. In February 1997, the Committee initiated a review of the Agreement covering, in particular, the following elements: simplification and improvement of the Agreement, including, where appropriate, adaptation to advances in the area of information technology; expansion of the coverage of the Agreement; and elimination of discriminatory measures and practices which distort open procurement. This work is being pursued in informal consultations and on the basis of proposals by various Parties. Amongst other things, the negotiations are aimed at facilitating the expansion of membership of the Agreement by making it more accessible to non-parties. WTO Members, not parties to the GPA, and other observer governments to the GPA have been invited to participate fully in the work. Over the covered period, Parties pursued their consultations on the basis of an informal Checklist of Issues and an informal note reflecting the draft texts of the modifications to the Articles of the Agreement proposed by various Parties side-by-side with the text of the Agreement. At the 5October1999 meeting, Parties also considered the timetable for the completion of the negotiations and the overall work programme that should be envisaged within that time-frame. There is agreement that good progress has been made in improving the text of the Agreement, that the momentum of the work needs to be maintained and that all three elements need to be covered.

Other matters considered by the Committee during the period under consideration have been: modifications to the Appendices to the Agreement, the establishment of a loose-leaf system for Appendices to the Agreement, statistical reporting and the notification of threshold figures in national currencies. Two matters were the subject of dispute settlement proceedings. First, at the request of the European Communities and Japan (WT/DS88/3 and WT/DS95/3 respectively) a single panel was established on 21 October 1998 regarding the legislation enacted by the State of Massachusetts regulating State contracts with companies doing business with or in Myanmar (WT/DSB/M/49). In the context of a US court ruling barring the implementation of the measure at issue, the Panel suspended its work on 10 February 1999 at the request of the European Communities and Japan. Since the Panel was not subsequently requested to resume its work, the authority for establishment of the Panel lapsed as of 11 February 2000 pursuant to Article 12.12 of the DSU (WT/DS88/6 and WT/DS95/6). Also in the period under review, at the request of the United States a Panel was established on 16 June 1999 regarding certain procurement practices of the Korean Airport Construction Authority (WT/DS163/1). The Panel was constituted on 30August 1999 (WT/DS163/5). The European Community participates as a third party in the Panel proceedings in relation to the complaint raised by the United States and Japan reserved its rights in this respect.

Agreement on Trade in Civil Aircraft

This Agreement entered into force on 1 January 1980.

As of 1 December 1999, there were 25 Signatories to the Agreement: Bulgaria, Canada, the European Communities; Austria; Belgium; Denmark; France; Germany; Greece; Ireland; Italy; Latvia; Luxembourg; the Netherlands; Portugal; Spain; Sweden; the UnitedKingdom; Egypt; Japan; Macau, China; Norway; Romania; Switzerland and the UnitedStates. Those WTO Members with observer status in the Committee are: Argentina; Australia; Bangladesh; Brazil; Cameroon; Colombia; the CzechRepublic; Finland; Gabon; Ghana; India; Indonesia; Israel; Republic of Korea; Malta; Mauritius; Nigeria; Poland; Singapore; the Slovak Republic; SriLanka; Trinidad and Tobago; Tunisia and Turkey. In addition, China, the Russian Federation and Chinese Taipei have observer status in the Committee on Trade in Civil Aircraft. The IMF and UNCTAD are also observers.

The Agreement eliminates all customs duties and other charges on imports of civil aircraft products and repairs, binds them at zero level, and requires the adoption or adaptation of end-use customs administration. The Agreement prohibits Signatories from requiring purchasers or exerting pressure on purchasers to procure civil aircraft from a particular source, and provides that purchasers of civil aircraft products should be free to select suppliers on the basis of commercial and technical factors only. The Agreement regulates Signatories' participation in, or support for, civil aircraft programmes, and prohibits Signatories from requiring or encouraging sub-national entities or non-governmental bodies to take actions inconsistent with its provisions.

Although the Agreement is part of the WTO Agreement, it remains outside the WTO framework. During the meeting of the Committee on Trade in Civil Aircraft on 17 December

1999, Signatories reverted to the status of theAgreement in the WTO framework and the Chairman's draft Protocol Rectifying the Agreement on Trade in Civil Aircraft that had been circulated in April 1999. Signatories also continued discussions on the system of "end-use" customs administration. Signatories agreed that both issues merited further consideration.

After a discussion of the issue in the Technical Sub-Committee of the Committee on Trade in Civil Aircraft on 16 December 1999, Signatories agreed to instruct the Secretariat to produce, for review by Signatories, a draft of a revised protocol concerning product coverage reflecting changes to the Harmonised System effective as of 1 January 1996. This would eventually replace the existing Protocol (1986) currently annexed to the Agreement. Signatories further agreed to an amendment that ground maintenance simulators fall within the Product Coverage Annex of the Agreement and agreed to include this item in the draft revised protocol. The Committee also agreed that additional items could be considered for inclusion in the draft revised protocol.

PART II

I. Technical cooperation

Two significant developments took place in the second part of 1999 in relation to WTO technical cooperation activities, one related to the financial situation, and the other pertaining to evaluation. In September 1999, the Chairperson of the Committee on Trade and Development and the Chairperson of the Committee on Budget, Finance and Administration jointly chaired an informal meeting open to all delegations for a close examination of the financial situation of WTO technical cooperation activities. At this meeting, the Secretariat provided more detailed information, both on the projected shortfall in financial resources as well as on activities already undertaken and programmed through the end of 1999. Following these informal discussions, a paper was circulated at the request of delegations containing the various figures and the remarks on technical cooperation activities and their evolution since 1995 presented by the Secretariat, in document WT/BFA/42-WT/COMTD/20, dated 24 September 1999.

On the issue of evaluation, following the discussions in the CTD, the Secretariat, with the generous support of an extra-budgetary contribution from the Government of the United Kingdom, has been able to proceed further and deeper into a thorough assessment of its technical cooperation activities as they are developed and delivered, a re-examination of its objectives and an identification of criteria for their evaluation. To further this exercise and to attain its set objectives, an expert on evaluation was recruited to design an appropriate methodology and criteria for monitoring and evaluating technical cooperation activities, with a view to improve their quality and to optimize the use of resources. In this context, the two main instruments to be utilized are a "Framework" which will contain the approach for the monitoring and evaluation exercise, and a "Manual" for the use of both Secretariat staff members and beneficiary countries. The result of this work will be an evaluation report to be presented to the Committee on Trade and Development.

II. Training

Trade Policy Courses

Introduction

In the period under review, the WTO Secretariat organized three regular Trade Policy Courses and one six-week Special Course on Accession to the WTO for Eastern and Central European and Central Asian Countries.

Regular Courses

The three regular Courses, two in English and one in French respectively, were held for developing country officials who are involved in the formulation and implementation of trade policy. Each regular Course lasted for 12 weeks and took place at the WTO in Geneva. Course participants (24 places on each regular Course) were financed by WTO fellowship awards which cover expenses for the duration of the Course.

The Course objective is to widen participants' understanding of trade policy matters, the multilateral trading system, international trade law and the functioning of the WTO. The knowledge acquired in the Course is expected to allow participants to improve the

effectiveness of their work in their own administrations and to promote a more active participation of their countries in the work of the WTO.

Special Course

The Special Course (for 21 participants) was funded by the Swiss Government, the first four weeks being held at the WTO in Geneva and the remaining two weeks of the Course in Lugano. The programme of the Special Course is similar to that of the regular Trade Policy Course whereby it is designed to familiarize participants with the functioning of the multilateral trading system. Special emphasis is, however, given to accession-related issues of relevance to economies in transition.

III. Cooperation with other international organizations

Since its establishment, the WTO has had extensive contacts with other inter-governmental organizations interested in its activities. Relations have been established with relevant organizations in the United Nations system, the Bretton Woods organizations, or various regional bodies to ensure that the resources and expertise of the international community remain focused, coordinated and, most important, relevant to the most pressing global needs.

Many of the organizations have observer status in one or more of the various WTO Committees, Councils or working groups. A list of all organizations with observer status is provided below.

Table IV.10

International intergovernmental organizations

a. Observer status in the WTO

		GC	TPRB	CTG	CTS	TRIPS	ADP	SCM	SG	AG	SPS	BOPS	CRTA	CTD	CTE	MA	LIC	RO	TBT	TRIMs	WAL	GATT CTS	GATT CNCL	GATT CTD
UN bodies and specialized agencies:																								
UN	United Nations	X		X	X	X								X	X					X		X	X	X
Codex	Codex Alimentarius Commission										X								X					
CSD	Commission for Sustainable Development														X									
CBD	Convention on Biological Diversity					P				P					X									
CITES	Convention on International Trade in Endangered Species														X									
ECA	Economic Commission for Africa													X								X	X	X
ECE	Economic Commission for Europe			P										X					X			X	X	X
ECLAC	Economic Commission for Latin America & the Caribbean													X								X	X	X
ESCAP	Economic & Social Commission for Asia & the Pacific													X								X	X	X
FAO	Food & Agriculture Organization	X	X	X		X		X		X	X		X	X	X	X			X			X	X	X
UNFCC	Framework Convention of Climate Changes														X									
ITU	International Telecommunication Union	P			[1]																			
UNCTAD	United Nations Conference on Trade & Development	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
UNDP	United Nations Development Programme	P												X	X									
UNEP	United Nations Environment Programme	P													X									
UNIDO	United Nations Industrial Development Organization	P												X	X				[2]			X		

Table IV.10 (continued)

International intergovernmental organizations

a. Observer status in the WTO

		GC	TPRB	CTG	CTS	TRIPS	ADP	SCM	SG	AG	SPS	BOPS	CRTA	CTD	CTE	MA	LIC	RO	TBT	TRIMs	VAL	GATT CPS	GATT CNCL	GATT CTD
WFP	World Food Programme									X														
WHO	World Health Organization	P									X								X					
WIPO	World Intellectual Property Organization	X				X								[3]	X							X	X	
Other organizations:																								
ACP	African, Caribbean & Pacific Group of States	P		P	P		[2]	[2]	[2]	P	P	X		X	X	X	P	X	[2]	P	X	X	X	
ARIPO	African Regional Industrial Property Organization					P																		
	ANDEAN Group													X								X	X	X
	Arab Maghreb Union	P		P	P								P	[3]										
	Arab Monetary Fund	P		P	P																	X	X	
	Arab Trade Financing Programm	P		P	P																			
CARICOM	Caribbean Community Secretariat													X								X	X	X
UDEAC	Central African Customs & Economic Union													X								X		X
	Commonwealth Secretariat													X								X		X
CMA/WCA	Conderence of Ministers of Agriculture of West and Central Africa					P																		
GCC	Cooperation Council for the Arab States of the Gulf	P	P	P	P	P				P				X	P							X	X	X
EBRD	European Bank for Reconstruction & Development	P	X	P	P							X	P									X	X	
ECOWAS	Economic Community of Western African States													[3]										
ECO	Economic Cooperation Organization	P											P	[3]										
EFTA	European Free Trade Association	P	X	P	P	P					P	X	X	X	X			X	[2]			X	X	X
EPPO	European & Mediterranean Plant Protection Organization										P													
IDB	Inter-American Development Bank		P							P			P	X		X		X		P	X	X	X	X
IICA	Inter-American Institute for cooperation on Agriculture									P	P													
IAIGC	Inter-Arab Investment Guarantee Cooperation													[3]						P				
ICCAT	International Commission for the Conservation of Atlantic Tuna														X									
ICAO	International Civil Aviation Organization				[1]																			
IEC	International Electrotechnical Commission																		X					
IGC	International Grains Council			P						X				X										X
ILAC	International Laboratory Accreditation Cooperation																		P					
OIE	International Office of Epizootics										X								X					
ISO	International Organization for Standardization										X				X				X					
OILM	International Organization of Legal Metrology																		[2]					

Table IV.10 (continued)

International intergovernmental organizations

a. Observer status in the WTO

		GC	TPRB	CTG	CTS	TRIPS	ADP	SCM	SG	AG	SPS	BOPS	CRTA	CTD	CTE	MA	LIC	RO	TBT	TRIMs	WAL	GATT CPS	GATT CNCL	GATT CTD
IPGRI	International Plant Genetic Resources Institute					P									X									
ITCB	International Textiles and Clothing Bureau	P		X												X		X						
ITC[4]	International Trade Centre UNCTAD/WTO	X			X						X			X	X				X					
UPOV	International Union for the Protection of New Varieties of Plants					X																		
IVI	International Vaccine Institute					P																		
	Islamic Development Bank	P		P	P	P								[3]	P					P				
SELA	Latin American Economic System	P		P	P	P				P	P		P	X	X	P				P		X	X	X
ALADI	Latin American Integration Association												[2]	X					[2]			X	X	X
OIV	Office International de la Vigne et du Vin	P				P					P								P					
OAU	Organization of African Unity	P		P									P	[3]										
OAS	Organization of American States	P		P	P	P							X	X								X	X	X
OECD	Organization for Economic Cooperation & Development	X	X	X	P[5]	X	[6]	[6]	[6]	X	P	X	P	X	X			X	X	X		X	X	X
	Organization of the Islamic Conference	P	P	P	P	P							P	[3]	P							X		
RIOPPAH	Regional International Organization for Plant Protection and Animal Health										P													
IPPC	Secretariat of the International Plant Protection Convention										X													
SIECA	Secretariat of the General Treaty on Central American Economic Integration	P		P	P	P								[3]								X	X	X
	South Centre	P		P	P	P				P				[3]										
	South Pacific Forum	P								P				[3]	X									
SADC	Southern African Development Community			P	P								P	X										
WAEMU	Western African Economic & Monetary Union	P											P	[3]		P								
WCO	World Customs Organization			X		X									X	X		X			X	X		

1.The Committee agreed to grant ad hoc observer status.
2.The Committee agreed to grant ad hoc observer status pending further decisions.
3.The Committee agreed to grand ad hoc observer status on a meeting-by-meeting basis pending further decisions.
4.The ITC is a joint subsidiary organ of the WTO and the UN, the latter acting through the UNCTAD.
5.The Council agreed to grant observer status to OECD for its Special Session on Telecommunications Services on 25 June 1999.
6.The Committee deferred action on this request, and agreed that in the interim the OECD will be invited to attend on an ad hoc basis.

Table IV.10

International intergovernmental organizations

b. Observer status in certain other bodies (as referred to in Explanatory Note 3)

		Financial services	GATS rules	Domestic Regulation	Specific commitments	Working Group on Government Procurement	Working Group on Investment	Working Group on Competition Policy
UN bodies and specialized agencies:								
U N	United Nations	X	X	X	X	[7]		
UNCITRAL	United Nations Commission on International Trade Law					X		
UNCTAD	United Nations Conference on Trade & Development	X	X	X	X	X	X	X
UNIDO	United Nations Industrial Development Organization						[8]	
Other organizations:								
ACP	African, Caribbean & Specific Group of States	X		X				
ITC[4]	International Trade Center UNCTAD/WTO					X		
	Energy Charter Conference						P	
SELA	Latin American Economic System					P[9]	P	[9]
OAU	Organization of African Unity						P	
OAS	Organization of American States						P	
OECD	Organization for Economic Cooperation & Development	X	X	X	X	P[9]	[8]	X[10]
	Organization of the Islamic Conference					P	P	P
	South Centre						P	P

7.The UNCITRAL, listed below, represents the UN.

8.The Working Group agreed to invite this organization pending further decisions.

9.The Working Group had agreed to grant ad hoc observer status for its meetings of 3-4 November 1997 and 19-29 February 1998 only.

10.The Working Group agreed to grant observer status this organization on the basis that there would be reciprocity.

Explanatory notes to Table IV.10:

1. An "X" indicates observer status; a "P" indicates that consideration of the request for observer status is pending.

2. The bodies listed in the table are, respectively, the General Council (GC); Trade Policy Review Body (TPRB); Council for Trade in Goods (CTG); Council for Trade in Services (CTS); Council for TRIPS (TRIPS); the Committees on Anti-Dumping Practices (ADP); Subsidies and Countervailing Measures (SCM); Safeguards (SG); Agriculture (AG); Sanitary and Phytosanitary Measures (SPS); Balance-of-Payments Restrictions (BOPS); Regional Trade Agreements (CRTA); Trade and Development (CTD); Trade and Environment (CTE); Market Access (MA); Import Licensing (LIC); Rules of Origin (RO); Technical Barriers to Trade (TBT); Trade-Related Investment Measures (TRIMs); Customs Valuation (VAL). Additional information concerning the observer status of the listed organizations in the GATT CONTRACTING PARTIES (GATT CPS), Council of Representatives (GATT CNCL) and Committee on Trade and Development (GATT CTD) is provided in the last three columns.

3. Since the guidelines on observer status for international organizations (WT/L/161, Annex 3) provide that requests for observer status from organizations shall not be considered for meetings of the Budget Committee or the Dispute Settlement Body, these bodies are not listed in the table. Also not listed are the Textiles Monitoring Body, which has no observers, the committees and councils under the Plurilateral Trade Agreements and working parties on accession. As for the four bodies under the Council for Trade in Services, namely the Committees on Financial Services and on Specific Commitments, and the working parties on GATS Rules, and Domestic Regulation, as well as the three working groups on Investment, Competition Policy and Government Procurement, information is provided in a separate table on the last page.

4. The IMF and World Bank have observer status in WTO bodies as provided for in their respective Agreements with the WTO (WT/L/195), and are not listed in this table.

Cooperation with the IMF and the World Bank

Cooperation between the WTO, the IMF and the World Bank has intensified significantly in recent years. Building on the Marrakesh Declarations on Coherence, formal cooperation agreements between the WTO and both the IMF and the World Bank were concluded at the time of the Singapore Ministerial Conference. Cooperation includes participation at meetings, information sharing, contacts at staff level and the creation of a High Level Working Groups on Coherence that oversees the process and prepares an annual joint statement on Coherence.

In the latter half of last year, the WTO Secretariat placed emphasis on developing its cooperation with the staff of the IMF and the World Bank to assist developing and least-developed countries to take greater advantage from their involvement in international trade and their participation in the multilateral trading system, in support of broader efforts geared towards poverty alleviation and economic development. The WTO Director-General spoke at the 27 September meeting of the World Bank's Development Committee in Washington about the need for complementary efforts to be undertaken by the international trade, development and finance communities to open markets to exports from developing countries, and especially the least-developed and poorest among them, to assist these

countries in building up their capacity to trade, and to help relieve the problems of indebtedness of the highly-indebted poor countries. This theme was repeated in a Joint Statement by the Director-General of the WTO, the Managing Director of the IMF and the President of the World Bank, issued at the time of the Seattle Ministerial Conference, calling upon Ministers to make substantial progress on all three fronts, noting that such efforts represent the essence of adopting a more coherent approach to global economic policy-making. Under the Coherence mandate, the WTO Secretariat was also asked to participate with the staff of the IMF and the World Bank in the organization of two seminars, covering "Developing countries participation in new trade negotiations" in September, and "Developing countries and trade in agriculture" in October.

United Nations Conference on Trade and Development

The World Trade Organization (WTO) and the United Nations Conference and Trade and Development (UNCTAD) have continued to develop their important relationship, reflecting their shared interest in advancing the cause of global trade liberalization within the framework of the multilateral system. In accordance with the overall objective of across the board coordination and making better use of collective resources for the benefit of all developing countries, the major focus of WTO-UNCTAD joint efforts has been to assist least-developed countries, and African countries in particular, in integrating more fully and effectively into the world trading system.

WTO staff have been involved in regional and inter-regional meetings sponsored by UNCTAD to prepare developing and least-developed countries for the Seattle Ministerial Conference, and the WTO Secretariat is a member of the task force convened by the UNCTAD Secretariat in preparation for the Third United Nations Conference on Least-Developed Countries, scheduled to take place in Brussels in 2001. WTO and UNCTAD staff continue to participate in each others meetings held in Geneva on a regular basis and are in frequent contact to exchange information. The two organizations and the International Trade Centre (see following section on ITC) continued to collaborate in the establishment of an unprecedented Technical Assistance Programme, designed to target specific African countries and help them expand and diversify their trade, and ease their integration into the multilateral trading system. Collaboration also continued with UNCTAD as well as the IMF, UN, OECD and EUROSTAT, on preparing an international manual on concepts and definitions on trade in services, within the context of the Inter-Agency Task Force on Statistics of International Trade in Services

The International Trade Centre UNCTAD/WTO

Established by GATT in 1964, the International Trade Centre UNCTAD/WTO (ITC) is a joint subsidiary organ of the WTO and the United Nations, the latter acting through the UN Conference on Trade and Development (UNCTAD). The WTO General Council and the UNCTAD Trade and Development Board determine the broad policy guidelines of ITC' s programme and the two contribute equally to ITC' s regular budget.

Implementation of the Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in Selected Least-Developed Countries and other African Countries (JITAP) continued to deepen. Early monitoring and ensuing modifications have led to a decentralized implementation and improved performance and results in terms of local training and dissemination activities. In late 1999, a capacity building assessment was initiated and this has yielded further suggestions for enhancing. As requested by its parent bodies WTO and UNCTAD, ITC has agreed to assume day-to-day management responsibility for the programme. An evaluation of JITAP is scheduled for late spring 2000 and this is expected to provide a basis for a decision to extend it to other countries.

WTO participated in ITC's first Executive Forum on National Export Strategies which brought together senior trade officials from 16 developing and transition economies and experts from other international organisations. Working closely with WTO and UNCTAD, the ITC through its WorldTr@de Net is developing national networks of trainers and advisers, forming a critical mass of expertise from business, academia and the public sector on WTO rules and issues.

ITC continued to give vigorous support to the Integrated Framework for Trade-related Technical Assistance to Least-Developed Countries which lays down a mechanism for closer coordination of the trade-related technical assistance activities of the IMF, ITC, UNCTAD, UNDP, the World Bank and the WTO. Out of 48 LDCs, 40 have prepared country Needs-Assessments. Forty Integrated Responses to those Needs-Assessments have been given by the six core agencies. The Global Trust Fund made preparatory assistance possible in several LDCs and funds were mobilized for support to the preparations for round tables in francophone countries. Round-table meetings for approximately 16 LDCs have been scheduled for the year 2000.

Relations with non-governmental organizations/civil society

Although NGOs have been interested in the GATT since its inception in 1947, the period since the creation of the WTO has vividly demonstrated that the multilateral trading system is being scrutinized by public opinion like never before.

Relations with Non-Governmental Organizations (NGOs) are specified in Article V:2 of the Marrakesh Agreement and further clarified in a set of guidelines (WT/L/162) which were adopted by the General Council in July 1996 and which "recognizes the role NGOs can play to increase the awareness of the public in respect of WTO activities". Relations with NGOs essentially focus on attendance at Ministerial Conferences, participation in issue-specific symposia, and the day-to-day contact between the WTO Secretariat and NGOs. The WTO Secretariat receives a large and increasing number of requests per day from NGOs from all over the world and Secretariat staff meet NGOs on a regular basis – both individually and as a part of NGO organized events.

Since the adoption of the 1996 guidelines, several steps have been taken to enhance the dialogue with civil society. The WTO Secretariat has been providing regular briefings for NGOs and has established a special NGO Section on the WTO website with specific information for civil society, e.g. announcements of registration deadlines for ministerial meetings and symposia. In addition, a monthly list of NGO position papers received by the Secretariat are compiled and circulated for the information of Members.

Ministerial Conferences

NGO attendance at WTO Ministerial Conferences is based on a basic set of registration procedures: (i) NGOs are allowed to attend the Plenary Sessions of the Conference and (ii) NGO applications to register would be accepted by the WTO Secretariat on the basis of Article V:2, i.e. NGOs have to demonstrate that their activities are "concerned with matters related to those of the WTO".

The Third Ministerial Conference of the WTO, held in Seattle from 30 November to 3 December 1999 epitomized the evolving relationship with NGOs and underlined the growing interest of civil society in the work of the WTO. The amount of participating NGOs grew from 108 at the first Ministerial Conference in Singapore to 686 in Seattle.

In Seattle, a special NGO Centre was set up which provided registered NGOs with a large number of meeting rooms, computer facilities and documentation from the official event. The available facilities were used intensively. Throughout the Ministerial Conference more than 160 meetings (workshops, seminars, private meetings) took place in the NGO Center. As in the case of previous Ministerial Conferences, NGOs were briefed on a daily basis by the WTO Secretariat on the progress of the working sessions. Additionally, NGOs had full access to the Press Centre located in the official Conference venue. Regardless of the outcome of the Seattle Ministerial Conference and the tumultuous protests accompanying its proceeding, these features have all been welcomed by NGOs as genuine signs of commitment to ensure transparency.

Symposia

In March 1999, the WTO held two High-Level Symposia in Geneva, which represented an important step forward in WTO's dialogue with civil society. They demonstrated that governments and civil society alike, can engage in open and constructive dialogue, and on issues where differences may exist, move towards identifying solutions.

Along the same lines, a symposium was held on 29 November 1999 in Seattle. The Seattle Symposium on International Trade Issues in the First Decades of the Next Century provided a further opportunity to enhance this dialogue. A wide range of important issues were discussed, such as the role of international trade in poverty elimination, the effects of globalization on developing countries, the integration of Least-Developed countries into the multilateral trading system, increasing public concerns with the trading system, trade and sustainable development, and trade and technological development.

Annex I – New publications

The World Trade Organization's publications are available in print or electronic versions, in English, French and Spanish. They cover legal texts and agreements, country and product studies, analytical economic data, special trade-related studies and histories of various trade negotiations and agreements. An increasing number of these publications are produced under co-publishing agreements with commercial publishers. Listed below is a selection of some of our newest and most popular publications. For details on pricing, availability and on all other titles, contact WTO Publications or consult the complete listing on our website: http://www.wto.org/wto/publicat/publicat.htm. Internet customers are now able to shop for

WTO publications using our secure on-line bookshop. All major credit cards are accepted and customers are provided with confirmation and a summary of the order within seconds. Bernan Press can be contacted at 4611-F Assembly Drive, Lanham, MD 20706–4391, Toll Free: 1–800–274–4888. Kluwer Law International can be contacted at 675 Massachusetts Avenue, Cambridge, MA 02139, USA, tel. (617) 354–0140, fax (617) 354–8595, e-mail sales@kluwerlaw.com.

Free publications

Three basic information brochures about the WTO are now available in English, French and Spanish, providing short introductions to the WTO, its agreements and how it works: "The WTO in brief" – a starting point for essential information about the WTO; "10 benefits of the WTO trading system" – the WTO and the trading system offer a range of benefits, some well-known, others not so obvious; and "10 common misunderstandings about the WTO" – criticisms of the WTO are often based on fundamental misunderstandings of the way the WTO works. These three brochures are complemented by "Trading into the Future" – a lengthier introduction to the WTO and its agreements already available in all three languages. A charge will be made for requests exceeding 25 copies of these publications.

The WTO website

The WTO website (www.wto.org) in English, French and Spanish offers access to over 10,000 pages of information that is updated on a daily basis. In addition, users can use the website to access the WTO Document Dissemination Facility. This contains over 60,000 trilingual WTO working documents. New documents are added daily. The site also hosts the WTO broadcasting service which enables users to view and hear highlights of key WTO events, some of which are broadcast live on the Internet. Over the past year the number of users accessing the site had continued increase, reaching an average of 200,000 users in a single month. The volume of information that is retrieved by users varies from 15 to 25 gigabytes per month (25 gigabytes is equivalent to about 15 million pages of text). The WTO also maintains a joint website with the World Bank (www.itd.org) focusing on trade and development.

WTO video – Solving trade disputes

How can trade disputes between governments end in harmony? WTO members have designed a system to help them solve their differences through the rule of law. When a government believes that another has violated WTO rules, or has acted in a way which deprives businesses of their trading benefits, it can lodge a complaint before the WTO. The video explains in simple terms how these disputes are resolved, illustrated through two concrete cases: When the two sides find an amicable solution: a dispute over sound recording copyright, involving the United States, European Union and Japan. When the case gœs through the full litigation process: a dispute between Venezuela, Brazil and the United States over gasoline and environmental protection. The video also looks at the possible future evolution of the dispute settlement system. It is a tool for information and for training, for governments, universities, lawyers, businessmen and for a wider public interested in widening their knowledge of the WTO.

Length: 30 minutes. In English, French and Spanish.

WTO Agreements Series

The WTO's agreements are the legal foundation for the international trading system that is used by the bulk of the world's trading nations. This series offers a set of handy reference booklets on selected agreements. Each volume contains the text of one agreement, an explanation designed to help the user understand the text, and in some cases supplementary material.

Volumes 1–4 are already available, the remaining volumes will be available over the coming months in English, French and Spanish.

The volumes in this series (the sequence follows their order of appearance in the WTO Agreement):

1. Agreement Establishing the WTO
2. GATT 1994 and 1947
3. Agriculture
4. Sanitary and Phytosanitary Measures
5. Textiles and Clothing
6. Technical Barriers to Trade
7. Trade-Related Investment Measures
8. Anti-dumping
9. Customs Valuation
10. Preshipment Inspection

11. Rules of Origin
12. Import Licensing Procedures
13. Subsidies and Countervailing Measures
14. Safeguards
15. Services
16. Trade-Related Intellectual Property Rights
17. Dispute Settlement
18. Trade Policy Reviews
19. Trade in Civil Aircraft
20. Government Procurement

WTO Computer Based Training

This is the first in a series of, trilingual, easy-to-use interactive guides to WTO Agreements on CD-ROM.

Each CD-ROM module is designed to guide the user through the complex WTO agreements in a simple step-by-step manner. This module, which covers the WTO Agreement on Textiles and Clothing, includes text, video and audio material and is complemented by a multiple-choice test to enable users to monitor their individual progress. The complete text of the Agreement is also included.

A module on sanitary and phytosanitary measures will be available during 2000.

Special Study No. 4 – Trade and the Environment

The world economy has changed profoundly over the last 50 years. The growing world economy has been accompanied by environmental degradation, including deforestation, losses in bio-diversity, global warming, air pollution, depletion of the ozone layer, overfishing and so on. A new study by the WTO address several key questions related to the environment: Is economic integration through trade and investment a threat to the environment? Does trade undermine the regulatory efforts of governments to control pollution and resource degradation? Will economic growth driven by trade help us to move towards a sustainable use of the world's environmental resources? The study goes on to show that trade could play a positive role in this process by facilitating the diffusion of environment-friendly technologies around the world and is backed up by the five case studies on chemical-intensive agriculture, deforestation, global warming, acid rain, and overfishing.

November 1999
ISBN 92–870–1211–3
Price: SFr 30.-

Special Study No. 3 – Trade, Finance and Financial Crises

A well-developed and stable financial sector and an open international trading system are two key components of prosperous economies. This new study by the WTO explains the basic links between trade and the financial sector, and how financial crises are interrelated with trade. It explains how weak financial systems and financial instability disrupt the flow of goods and services and why protectionism undermines financial stability. Finally, the study examines the role of the WTO framework of multilateral trade rules in underpinning a sound international economic order and demonstrates that the WTO framework and the international financial system are interdependent elements of one global economic order, where trade cannot flourish without financial development and stability, and financial stability is unlikely to prevail without trade. The study also includes case studies on past financial crises.

November 1999
ISBN 92–870–1210–5
Price: SFr 30.-

Co-publishing with Kluwer Law International

From GATT to the WTO

On the occasion of the fiftieth anniversary of the multilateral trading system, the WTO Secretariat and the Graduate Institute of International Studies jointly organized a symposium to examine issues facing the trading system, both past and present. Eleven scholars and trade policy practitioners, well known for their contributions over the years to the trade policy debate, were invited to participate in the symposium. They were each asked to write a paper for the symposium on any issue that they considered interesting in relation to the GATT/WTO trading system, focusing both on lessons from the past and challenges in the present and future. Also included in the volume are the opening remarks by Mr. Renato Ruggiero, then Director-General of the WTO, and Professor Alexander Swoboda, Director, Graduate Institute of International Studies.

Reshaping the World Trading System – a history of the Uruguay Round

(Second edition)

Take 120 government and territories, each bent on vigorously seeking its own self-interest. Give them a mandate to reach agreement on new rules for more open markets – not only for goods but for services and intellectual property as well. And give them a time-limit – four years. It sounds impossible...and it almost was. This is the story, told in frank, lively and non-technical terms, of how and why the Uruguay Round came about, what the participant countries sought, the twists, turns, setbacks and successes encountered in each stage and sector of the negotiations (which took over seven years)...and how, in many instances, the final achievement in many instances surpassed the original goals.

Guide to the Uruguay Round Agreements

A companion volume to Reshaping the World Trading System, this new book takes the non-specialist reader through the legal texts that were the results of the Uruguay Round. It includes an economic analysis of the impact of the agreements and a number of other features such as "how to read GATS schedules".

Forthcoming titles

The following titles will be published in the first half of 2000:

Guide to dispute settlement

The GATS: An overview of issues for further liberalisation of trade in services

From GATT to WTO: the multilateral trading system in the new millennium

Trade and development and trade and environment

Co-publishing with Bernan Associates

Trade Policy Reviews series

The Trade Policy Review Mechanism was launched in 1989 to improve transparency by enabling GATT members collectively to examine the full range of trade policies and practices of individual members. This process has continued under the WTO in much the same format. The evaluation is conducted on the basis of two reports: one presented by the government of the country concerned, and the other prepared by the GATT/WTO Secretariat. The four largest traders – Canada, Japan, the United States and the EC (as a single entity) – are reviewed every two years. Other countries are reviewed every four or six years, depending on their relative importance in world trade.

Countries available to date:

Argentina; Argentina; Australia; Bolivia; Burkina Faso and Mali; Canada; China; Egypt; Guinea; Guinea; Hong Kong, China; Hungary; India; Indonesia; Israel; Jamaica; Japan; Nicaragua; Nigeria; Papua New Guinea; Philippines; Romania; SACU (Botswana, Lesotho, Namibia, South Africa and Swaziland); Solomon Islands; Thailand; Togo; Trinidad and Tobago; Turkey; United States of America; Uruguay.

CD-ROM: Trade Policy Review Series

The WTO Trade Policy are now also available on CD-ROM. The 1999 version contains member countries reviewed from 1995–1998, including the United States, Japan, the EU and Canada in English, as well as member countries reviewed between 1995–1997 in French and Spanish. Each CD-ROM contains these reports, with links, bookmarks, and search facilities, using Folio 4 software. A new, updated disk will be released every year to include the new reviews that have become available.

Countries include: Benin, Brazil, Canada, Chile, Columbia, Côte d' Ivoire, Costa Rica, Cyprus, Czech Republic, El Salvador, European Union, Fiji, Korea, Malaysia, Mauritius, Mexico, New Zealand, Norway, Paraguay, Sri Lanka, Slovak Republic, Singapore, Switzerland, Thailand, Uganda, United States, Venezuela, and Zambia.

The 2000 edition containing member countries 1995–1999 in English and 1995–1998 in French and Spanish will be available shortly.

WTO Basic Instruments and Selected Documents

This annual series presents the principal decisions, resolutions, recommendations and reports adopted by WTO Members every year.

The 1995 volume contains protocols, decisions and reports adopted in 1995. It also contains selected documents related to the Uruguay Round negotiations. The 1996 contains protocols, decisions and reports adopted in 1996

CD-ROM: GATT Basic Instruments and Selected Documents

The entire GATT Basic Instruments and Selected Documents (BISD)–all 42 volumes in English, French and Spanish on one CD-ROM. This disk uses Folio 4 software turning the

large library of documents into a highly accessible and useful tool for research and also allowing the user to conduct sophisticated research quickly and efficiently.

International Trade Statistics 1999 on CD-ROM

The WTO's 1999 trade statistics enables you to analyze international trade patterns between countries and regions, extract and export extensive trade statistics and graphics to spreadsheet or database through the technology of CD-ROM.

Areas covered include, trade by region, country or commodity data are compiled and presented by WTO's leading economic statisticians with great detail and reliability, charts, graphs and tables present the information in an easy-to-access, easy-to-read style.

Co-published with Cambridge University Press

The Legal Texts – The Results of the Uruguay Round of Multilateral Trade negotiations

First published in 1994 by the GATT Secretariat and reprinted by the WTO in 1995, this title has now been reprinted by Cambridge University Press

This book contains the legal texts of the agreements negotiated in the Uruguay Round, now the legal framework of the World Trade Organization. The agreements will govern world trade into the 21st century. They cover:

Goods: the updated General Agreement on Tariffs and Trade (GATT) that includes new rules on agriculture, textiles, anti-dumping, subsidies and countervailing measures, import licensing, rules of origin, standards, and pre-shipment inspection. (The original GATT text is also included in this volume.)

Services: the General Agreement on Trade in Services (GATS)

Intellectual property: the Agreement on Trade-Related Intellectual Property Rights (TRIPS)

Disputes: the new dispute settlement mechanism

The legal framework for the World Trade Organization

ISBN 0521 78094 2 – Hardback

Price: SFr 150

ISBN 0521 78580 4 – Paperback

Price: SFr 62.50

French and Spanish versions are available from the WTO.

Dispute Settlement Reports

The Dispute Settlement Reports of the World Trade Organization (the "WTO") include panel and Appellate Body reports, as well as arbitration awards, in disputes concerning the rights and obligations of WTO Members under the provisions of the Marrakesh Agreement Establishing the World Trade Organization. The Dispute Settlement Reports are available in English, French and Spanish.

1996: ISBN 0521 78095 0 Hardback, ISBN 0521 78581 2 Paperback

Annex II – Trade Policy Review Body – Concluding remarks by the Chair of the Trade Policy Review Body

Israel – 14 and 16 September 1999

We have had constructive discussions on Israel's trade and trade-related policies, putting them appropriately into the context of the wider environment of which they form an integral part.

Since its previous review in 1994, Israel has taken important legislative, regulatory and practical steps towards a more open, transparent and liberal trading regime. Through its trade liberalization programme, as well as the timely implementation of its multilateral commitments in the WTO, Israel actively contributes to the stability of the multilateral trading system. Israel's efforts in the areas of structural reform and further liberalization of its economy, including through the pursuance of increasingly open trade and investment policies, are commended. Output growth slowed in 1998 after several years of high GDP growth, during which a wave of immigration was successfully absorbed. Israel is therefore encouraged to continue on its liberalization path and, where appropriate, to intensify privatization. It is also noted that traditional, labour intensive manufacturing industries received high tariff protection, while high technology industries, with relative low levels of protection, are becoming increasingly competitive. Israel's commitments under the GATS

(basic telecommunications – already producing tangible benefits to Israeli consumers – and financial services) and its meaningful contribution to ITA are welcomed.

Israel's trade and investment regimes are seen to be generally transparent. The foreign investment regime is considered as being liberal: considerable incentives are provided, discriminating at times against domestic investors. Recent trade reforms, in particular on customs valuation and trade facilitation, are welcome.

Against this broadly positive appreciation, concerns were however raised on some specific subjects, inter alia:

- the complexity of the tariff structure, with the existence of specific, compound, alternate rates, and of seasonal tariffs, and with a low level of tariff bindings as well as a gap between applied and bound rates. Further efforts at simplification, transparency and predictability are suggested;
- a number of other import charges, notably safeguard levies, and a wharfage fee discriminating against importers;
- prohibition or restriction measures on imports of certain meat (in particular non-Kosher) and dairy products, animals, flowers and fruit, beer, pharmaceutical, chemical and textiles;
- international consistency of domestic mandatory standards and some SPS measures;
- competition policy, offset requirements in government procurement, state aid, and the protection of intellectual property rights, in particular for copyrights, piracy enforcement, pharmaceutical patents and geographic indications;
- the still significantly protected agricultural sector, in particular high tariffs, import controls, state trading and subsidies;
- remaining restrictions in the services sector: banking, insurance, maritime transport, tourism and professional services.

Israel is party to an increasing number of preferential trade agreements covering the bulk of its trade. While the complementarity of these agreements with the multilateral system was highlighted, it was noted that due regard should continue to be paid to the risk of trade distortion and to potential disadvantages for other trading partners.

All the clarifications given by Israel to the Members are fully appreciated, in particular the commendable effort made by the delegation of Israel to provide comprehensive answers in writing for the benefit of all Members during the course of the review.

In conclusion, Israel is encouraged to continue on its trade liberalization path and to take an active role in the forthcoming multilateral trade negotiations.

The Philippines – 27 and 29 September 1999

We have had frank and constructive discussions on the Philippines' trade policies and measures, with Members warmly commending the Philippines on the economic reforms undertaken since its previous Review in 1993. The opening of the trade and investment regimes has contributed to a more resilient economy which, in general, had dealt well with the Asian financial crisis and natural disasters. The Philippines thus provides a good example of the advantages of structural reform, particularly trade liberalization, in withstanding external shocks. Continued efforts to enhance the outward orientation of the economy would bring further benefits to Filipino workers and consumers. This is necessary in view of the still low per capita income, and savings capacity in the Philippines and of the on-going efforts to alleviate poverty.

Members were impressed by the decline in protection to producers, including reductions in the average MFN tariff from 26% in 1992 to 10% at present. The Philippines' WTO commitments in services, and the expansion of its tariff bindings as a result of the Uruguay Round had significantly enhanced predictability. Furthermore, most quantitative import restrictions had been abolished. Although the selective tariff increases introduced in 1999 were seen as detracting from the otherwise positive direction of trade policies, Members were reassured by the clear statement from the Filipino representative that those increases were temporary and would be phased out by 1January2000. The Philippines was also commended on its goal to attain a generally uniform 5% tariff by 2004.

Members also took note of the Philippines' renewed commitment to comply to the best of its ability with WTO rules: in particular that it would shift by 2000 to the transaction value method for customs valuation, terminate PSI, as well as conform to the provisions of the TRIMs and TRIPS Agreements; in due time, the Philippines would notify the WTO of its new Anti-dumping and Countervailing Duty Laws.

The Philippines shed light on a number of issues raised by Members during the Review, including:

- rationalization of investment incentives;
- export incentives and their WTO consistency;
- liberalization of existing foreign ownership restrictions, including in the banking, telecommunications and retail sectors;

- competition policy and possible adoption of a general competition law;
- relationship between WTO and preferential agreements, particularly AFTA, commitments;
- customs administration (influence of local firms on customs clearance), customs valuation, and trade facilitation;
- expansion of tariff bindings;
- potentially discriminatory excise taxes on distilled spirits, soft drinks and automobiles;
- import restriction on rice, fish products, coal, used cars, colour reproduction machines and antibiotics; and protective measures on food products, automobile parts and vehicles, and steel products;
- alignment to international standards, and SPS measures;
- transparency and efficiency of government procurement practices;
- time frame to eliminate WTO-inconsistent TRIMs;
- current and future intellectual property legislation and its enforcement;
- state trading in grains including rice, and administration of Minimum Access Volumes;
- ratification of the Fourth and Fifth Protocols to the GATS; and
- further liberalization and WTO commitments in transport, telecommunications, financial services and natural persons supplying services

Members recognized that the Philippines had incurred social and political costs in liberalizing its trade regime, but the stronger multilateral system that this had helped establish had been instrumental in facilitating the flow into the Philippines of foreign investment and goods required to increased domestic competitiveness, and the recent sharp expansion of Philippine exports. The seriousness with which the Philippines itself takes its WTO commitments underlined its call to other Members to do the same. In this respect, the Philippines expressed concern about certain trade-inhibiting measures maintained by some of its trading partners, including the high levels of export subsidies and domestic support measures in agriculture, as well as the application of rules of origin, in textiles and clothing, contingency and SPS measures in steel and processed food, respectively.

In conclusion, Members encouraged the Philippines to continue on its liberalization path and domestic reform process, and welcomed the Philippines' resolve to implement fully its WTO commitments by the multilaterally agreed dates. Members were cognizant of the Philippines' expectation that any new multilateral undertakings would need to be balanced to the benefit of all, and contribute to sustainable development, and looked forward to its active role in the forthcoming multilateral trade negotiations.

Romania – 4 and 5 October 1999

We have had very informative discussions on Romania's trade regime, allowing Members an appreciation both of the challenge of transition in Romania and the contribution of trade policy reform to results to date, in particular steps toward establishing a market economy with a clear legal framework. Members uniformly welcomed Romania's active and constructive role in the multilateral trading system. Romania's tariff commitments in the Uruguay Round were comprehensive, and were followed by WTO commitments on ITA products and on telecom and financial services. Romania has removed quantitative export restrictions and has not taken trade defence measures under the multilateral trade agreements. Members also appreciated the progress by Romania on the regulatory framework for private sector development, but were aware that instability of key elements of the business regime appeared to be adversely affecting the perceptions of foreign direct investors. Privatization efforts have been redoubled in recent years, and have contributed to a rise of foreign investment, albeit from a low base. They also took note of the more difficult external environment for Romania's reforms in recent years, due to the east-Asian and Russian economic crises, as well as recent events in the Balkans including, inter alia, the consequence of embargœs.

Together with the internal challenges of transition, these external events have contributed to the ongoing recession and the deteriorating balance of payments. The latter occasioned the introduction of a temporary surcharge in October 1998, but which is scheduled to be phased out by 1January 2001 at the latest. Romania's recently concluded agreements with the IMF and World Bank indicate confidence in the Government's policy mix of tight fiscal and monetary policy, combined with an acceleration of structural reform. They should also help increase the confidence of investors.

In addition to these general points, Members were grateful for the comprehensive explanation given by the Romanian delegation on many specific points, including:

- the finalization of privatization and the discretionary nature of the new regime of incentives for large investments, taking into account the international context;
- the competition policy and its impact on state aids;

- the complementary relationship between Romania's regional trade agreements and its multilateral commitments, and in particular the effect of tariff removal on high-rate items from preferential trade partners on third countries' access to the Romanian market;
- the gap between applied and bound rates, in particular on agricultural products, which may create uncertainty for exporters;
- customs clearance procedures, in particular the relation between fixed prices for customs valuation of certain products and WTO commitments;
- excise tax reductions on domestically-produced cigarettes and motor vehicles in relation to national treatment;
- the scope of technical requirements on imported products and the adoption of European or international standards;
- price controls on insurance products and pharmaceutical products;
- reform of government procurement policies and Romania's willingness to accede to the Government Procurement Agreement;
- the role of small and medium-sized enterprises;
- policies in the agricultural sector;
- the law on television broadcasting requirements and GATS commitments;
- limits on the supply of services on the Romanian market, in particular on insurance and financial services; and
- measures ensuring consistency of intellectual property rights regulation and TRIPS, together with steps to improve enforcement.

Members appreciated that, in spite of the difficult internal and external environment, Romania faced in its transition to a market economy, it has maintained an open trade regime while aware of the social impact. Members noted the concerns of Romania about certain measures maintained by trading partners, that have an inhibiting effect on its exports, such as anti-dumping or countervailing measures and quotas on clothing.

In conclusion, the Members complimented Romania on its strong commitment to the WTO, reflected both in the conduct of its trade policy and in its active participation in the preparation for Seattle. Members welcomed Romania's intention to participate actively in the forthcoming negotiations, noting in particular its interest in agricultural policies and industrial tariffs. They also urged Romania to continue with the structural reform begun in 1989, particularly privatization. Noting the difficult external environment for Romania of recent years, Members pledged their full support to Romania's efforts.

Nicaragua – 25 and 27 October 1999

We have had very open and informative discussions on Nicaragua's trade regime, aided by the very constructive engagement of MinisterSacasa and his delegation. To me this has been emblematic of Nicaragua's belief in open trade, with the WTO as its pillar. Nicaragua is rebuilding its economy, toward a market-oriented system and a liberal trading environment, with an updated legal framework, including, in particular, modern, clear and stable rules for economic operators and private investors. This transformation has adjustment costs: there is also a need for poverty alleviation and social progress. I think we have come to see that sustained effort in all these respects would be greatly assisted by access to markets, a point made clearly by MinisterSacasa.

Our discussions have allowed Members to appreciate both the scale of Nicaragua's economic recovery and the contribution to that recovery of trade policy reforms to date. Nicaragua undertook unilateral tariff reductions and its tariff commitments in the Uruguay Round were comprehensive. These were followed by the ratification of expanded WTO commitments on financial services. Nicaragua has eliminated import restrictions and not taken trade defence measures under the multilateral trade agreements. Members have also heard that implementation of commitments is not always obvious and that technical assistance would be useful. More generally, I think we have all taken note of the difficulties caused by natural disasters, notably ElNiño and hurricane Mitch, and of Nicaragua's very high level of external indebtedness, which have compounded the adjustment difficulties.

Members also acknowledge that foreign assistance has been, and continues to be, essential to the ongoing process of economic and social recovery as well as to meeting public and current account financing requirements. The results of the macroeconomic stabilization and structural reforms were greatly appreciated by Members, while support was expressed for Nicaragua's qualification as a beneficiary of the HIPC initiative. Sound governance and transparency were prerequisites for attracting foreign investment.

In addition to these general points, Members were grateful for the comprehensive and well-structured explanation given by the Nicaraguan delegation on many specific points, including:
- measures to cope with the current account deficit;
- privatization process, in particular in the telecommunications, electricity and transport sectors, and progress in resolving property rights/claims;

- strategy for attracting private investment;
- WTOnotification of regional trade agreements, the convergence to a common external tariff within the CACM and the vision toward further regional integration;
- the gap between average applied and bound tariff rates;
- elimination of import prohibitions;
- status of new legislation on customs valuation, SPSmeasures, and government procurement;
- re-introduction of price bands;
- consular fees;
- elaboration of domestic standards;
- timing of compliance with customs valuation and TRIPs obligations;
- competition policy and consumer defense;
- plans on support to agriculture(subsidies, marketing);
- fishery conservation policies;
- limitations of GATS commitments;
- MFNexemptions, the ratification of the Fifth Protocol in the in the financial services sector, absence of foreign banks and insurance companies; and
- new legislation on pilotage in national ports.

Nicaragua was also encouraged to further improve protection of intellectual property rights, join the Government Procurement Agreement and broaden its GATScommitments.

In conclusion, I am struck by Nicaragua's attachment to trade liberalization together with its appreciation of the benefits from freer trade and open regionalism, and the high costs of protection to small economies like Nicaragua. Members complimented Nicaragua on its strong commitment to the WTO, reflected both in the conduct of its trade policy and in its participation in the preparations for Seattle. Members welcomed Nicaragua's intention to participate actively in the forthcoming negotiations, noting in particular its interest in the opening of markets to exports of poor countries and the prospect of narrowing the gap between applied and bound rates. They also encouraged Nicaragua to continue with its reform effort, based on continued adherence to an open trade regime. Noting the difficult external environment for Nicaragua of recent years, it is my feeling that Members recognize the need for support from the multilateral system.

Papua New Guinea – 15 and 17 November 1999

We have had a very informative and open discussion of PapuaNewGuinea's trade policies. This was aided by the PNG delegation, led by the Secretary of Industry and Trade, Mr.MichaelMaue, which clearly outlined PNG's current economic situation and the Government's reform plans, as well as the favourable policy changes already introduced.

It is my feeling that we have gained a full appreciation of the economic and development setting in which PNG's trade policies are implemented. The performance of the economy has fluctuated, and the current outlook remains far from certain. The economic and political reforms currently being embarked upon by the Government should help promote sustainable growth and improve living standards. While rich in natural resources, such as minerals and forests, PapuaNewGuinea remains one of the Pacific region's poorest economies, with income per head of US$900 in 1996. Structural reforms, although imperative, nevertheless entail significant adjustment costs. I was also struck by the delegation's commitment to using trade policy as a development instrument and by its call for additional resources for the TPRM.

Members have emphasized the importance of improved economic management and good governance in enhancing PNG's economic performance. Moreover, PNG's economic difficulties have been compounded by recent external shocks. These include the Asian economic crisis, declining world prices for key commodity exports, such as minerals and logs, and the effects of the drought on agricultural and mining output. Members therefore recognized the difficulties facing the PNG Government, and welcomed its renewed commitment to trade liberalization and further economic reforms aimed at improving the economy's productivity.

Members welcomed the bold tax reform package implemented by the authorities from 1 July1999. Average tariffs have been cut from 20% to 9%, and a 10% value added tax introduced. The new Government has also acted swiftly to introduce a Supplementary Budget in August 1999 aimed at fiscal discipline and macro-stability. Members complimented the Government on its efforts to re-engage discussions with the World Bank and the IMF. This would assist the completion of the Structural Reform Programme and regain international confidence. They encouraged PNG to press ahead with such reforms, including privatization of state-run enterprises and implementation of more open and transparent foreign investment policies. The important role of foreign aid and technical assistance was also acknowledged.

Against these broadly favourable developments to further integrate PNG into the world economy and the multilateral system, Members were appreciative of the delegation's clarification to their queries in a number of areas, including:

- change in ministerial responsibility for trade;
- notifications to the WTO;
- high applied tariffs, a few of which appear to exceed bound rates, on several primary and semi-processed products, and some increased tariffs under the reform programme;
- tariff and other policies designed to promote agriculture, fisheries and domestic food processing;
- the impact of regional trade initiatives;
- the transparency and openness of the foreign investment regime and the role of investment promotion, including in financial services;
- export policies, including taxes on logs and tax incentives;
- custom valuation procedures, especially the use of the fallback value method;
- the impact of PNG standards and testing procedures on imports, as well as stringent quarantine restrictions and bans on animals, fruit and vegetables;
- the lack of significant intellectual property legislation and enforcement;
- limited GATS commitments in services;
- the privatization process, especially of key utilities, such as electricity, telecommunications and transport sectors;
- distortive effects of continued price controls;
- participation in the Government Procurement Agreement;
- competition policy;
- public sector corruption; and
- the deteriorating business climate, including the serious law and order problem.

In conclusion, I am of the strong view that Members appreciated the new Government's reform efforts to date, and encouraged it to continue on its path of trade and investment liberalization. They welcomed the efforts made by the Government to undertake this Review at a difficult time, and noted the Government's support of the multilateral trading system and the role played by the Trade Policy Review process. I was struck by the Government's acceptance of the need for major policy reforms and, along with members, welcome PNG's participation in the WTO, in particular the forthcoming talks in Seattle.

Thailand – 15 and 17 December 1999

We have had a most interesting and timely review of Thailand's trade and foreign investment policies, which provided much insight into how Thailand has grappled with the financial crisis that erupted in 1997 and the numerous legislative and regulatory developments currently taking place. This was made possible both by the comprehensive information about recent and ongoing reforms provided by Ambassador Apiradi and her delegation, and by the high quality of the questions posed and comments made by the discussant and Members participating in this TPRB. The large number of questions and comments reflect the widespread interest of Members in recent developments in Thailand as well as the importance they attach to Thailand's role in the WTO.

Members were unanimous in congratulating Thailand on the fact that, notwithstanding the severity of the crisis and the consequent recession, the Government had, by and large, resisted protectionist pressures, instead taking steps to reinforce its already increasingly outward-oriented trade and investment policies so as to foster economic recovery. These steps include progressively streamlining and liberalizing Thailand's trade regime. In this regard, Members took note of Thailand's commitment to implement on time all WTO agreements, notably Customs Valuation, TRIPS and TRIMs, and expressed their confidence that the recent streamlining and computerization of customs procedures would facilitate trade. Moreover, Members recognised that Thai standards and regulations were now systematically based on international norms. Members also looked forward to receiving the new Anti-dumping and Countervailing Act.

On the other hand, most Members expressed concern over some recent increases in tariffs, which in several cases (including some ITA products) exceeded WTO bindings. Furthermore, they pointed out that tariffs were high by regional standards; agri-food products, fish, clothing and motor vehicles were the subject of most tariff peaks, frequently ranging to 60% or 80%. Members noted that tariffs had recently been reduced and a surcharge eliminated in the recognition that this would assist private investment and economic expansion. They called upon Thailand to reduce tariffs further, especially to bring all applied tariff rates into line with WTO commitments, and to publish a single consolidated tariff.

At the same time, Members recognized the large number of legislative changes already implemented to improve transparency and accountability as well as to ensure adequate

supervision of the financial system, although they did note the persistently high level of non-performing loans. Members also expressed much interest in the new competition and foreign investment laws, and noted in particular the further opening of several sectors, notably in manufacturing and banking, to foreign investment notwithstanding the recession. The most recent economic growth indicators show that these reforms are already bearing fruit, and Members encouraged Thailand not to relax this process, now that the economy was recovering.

Members also asked for details in a number of more specific areas including:

- import price "uplifts", and whether they would be eliminated upon adoption of the Customs Valuation Agreement;
- import licensing procedures, which remained opaque and appeared to constitute quantitative restrictions, particularly for certain new and most used motor vehicles, and for imports of skim milk powder;
- food and drug import regulations, which continued to constitute a barrier to imports because of lengthy pre-market approval and a system of exclusive import permits;
- Thailand's plans regarding the recently enhanced preferential export financing schemes.
- IPRs, where there still remained substantial room for improvement in enforcement, notably to combat counterfeiting;
- government procurement, with Members encouraging Thailand to become an observer in the Government Procurement Committee, to provide its new regulations on public purchases and to remove current buy-Thai provisions;
- state-owned enterprises slated for privatization;
- the prospects for binding a larger number of services for mode 1 (cross-border supply) in Thailand's GATS schedule; and
- calls to allow greater foreign equity participation in insurance and telecommunications services.

Members appreciated the frank and comprehensive responses provided by the Thai delegation, noting in particular the assurance that ongoing reforms were designed to reduce barriers to foreign participation in the Thai economy, based on the belief that an open trade and investment regime contributed to sustainable development; the reform programme, which would not be relaxed, should add further transparency, public accountability and predictability to the business environment.

In conclusion, despite being one of the countries hardest hit by the Asian crisis, Thailand's prompt and faithful implementation of its WTO obligations together with the additional reforms it is undertaking to reinforce its outward-oriented trade and investment strategy, all demonstrate Thailand's faith, as a developing country, in the multilateral trading system and the Trade Policy Review process.

Chapter Five

Organization, Secretariat and Budget

Organization, secretariat and budget

The organization

The World Trade Organization came into being in 1995, as the successor to the General Agreement on Tariffs and Trade (GATT), which had been established (1947) in the wake of the Second World War. The WTO's main objective is the establishment of rules for Members' trade policy which help international trade to expand with a view to raising living standards. These rules foster non-discrimination, transparency and predictability in the conduct of trade policy. The WTO is pursuing this objective by:

- Administering trade agreements,
- Acting as a forum for trade negotiations,
- Settling trade disputes,
- Reviewing national trade policies,
- Assisting developing countries in trade policy issues, through technical assistance and training programmes.
- Cooperating with other international organizations.

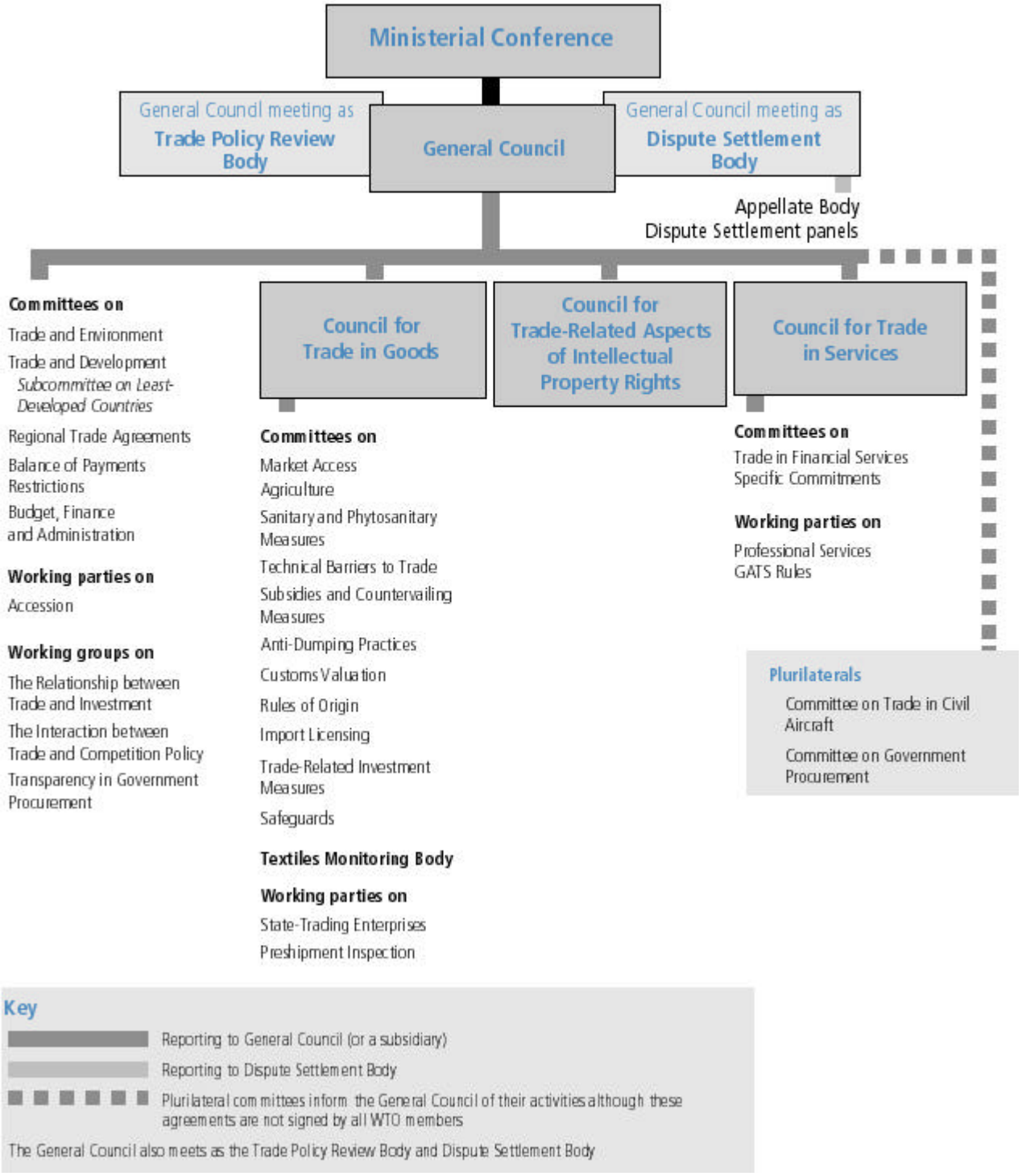
The WTO has 135 Members, accounting for 90% of world trade. Members are mostly governments but can also be customs territories. More than 30applicants are negotiating to become Members of the WTO. Decisions in the WTO are made by the entire membership, typically by consensus.

The WTO's top level decision-making body is the Ministerial Conference, which meets at least once every two years. In the intervals between sessions of the Ministerial Conference, the highest-level WTO decision-making body is the General Council where Members are usually represented by ambassadors or heads of delegations. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body. At the next level, the Goods Council, Services Council and Trade-Related Aspects of Intellectual Property (TRIPS) Council report to the General Council.

Numerous specialized committees, working groups and working parties deal with the individual agreements and other important areas such as the environment, development, membership applications, regional trade agreements, trade and investment, trade and competition policy and transparency in government procurement. Electronic commerce is being studied by various councils and committees.

WTO structure

All WTO members may participate in all councils, committees, etc, except Appellate Body, Dispute Settlement panels, Textiles Monitoring Body, and plurilateral committees.



Secretariat

The WTO Secretariat, with offices only in Geneva, has 534 regular staff and is headed by a Director-General. Since decisions are taken by Members only, the Secretariat has no decision-making powers. Its main duties are to supply technical and professional support for the various councils and committees, to provide technical assistance for developing countries, to monitor and analyze developments in world trade, to provide information to the

public and the media and to organize the ministerial conferences. The Secretariat also provides some forms of legal assistance in the dispute settlement process and advises governments wishing to become Members of the WTO.

The Secretariat staff of 534 includes individuals representing about 61nationalities. The professional staff is composed mostly of economists, lawyers and others with a specialization in international trade policy. There is also a substantial number of personnel working in support services, including informatics, finance, human resources and language services. The total staff complement is composed almost equally of men and women. The working languages of the WTO are English, French and Spanish.

The Appellate Body was established by the Understanding on Rules and Procedures Governing the Settlement of Disputes to consider appeals to decisions by Dispute Settlement panels. The Appellate Body has its own Secretariat. The seven-member Appellate Body consists of individuals with recognized standing in the fields of law and international trade. They are appointed to a four-year term, and may be reappointed once.

Table V.1

Distribution of staff positions within the WTO's various Divisions, 2000

Division	Regular staff	Directors	Senior Management	Total
Senior Management	4		5	9
Office of the Director-General	8	1		9
Accessions Division	7	1		8
Agriculture and Commodities Division	14	1		15
Council Division	7.5	1		8.5
Development Division	9	1		10
Economic Research and Analysis Division	11.5	1		12.5
External Relations Division	7	1		8
Finance and General Services Division	72	1		73
Informatics Division	15	1		16
Information and Media Relations Division	28.5	1		29.5
Intellectual Property Division	11	1		12
Language Services and Documentation Division	136	1		137
Legal Affairs Division	14	1		15
Market Access Division	13	1		14
Ministerial Sessions Division	5	1		6
Personnel Division	11.5	1		12.5
Rules Division	12	1		13
Statistics	26	1		27
Technical Cooperation	18	1		19
Textiles Division	3.5	1		4.5
Textiles Monitoring Body	1		1	2
Trade and Environment Division	9	1		10
Trade and Finance Division	5	2		7
Trade in Services Division	14	1		15
Trade Policies Review Division	28.5	1		29.5
Training Division	7	1		8
SUB-TOTAL	498	26	6	530
Appellate Body	8	1		9
TOTAL	**506**	**27**	**6**	**539**[1]

[1] This represents the number of existing staff positions, of which 534 are at present occupied.

WTO Secretariat
Organization Chart

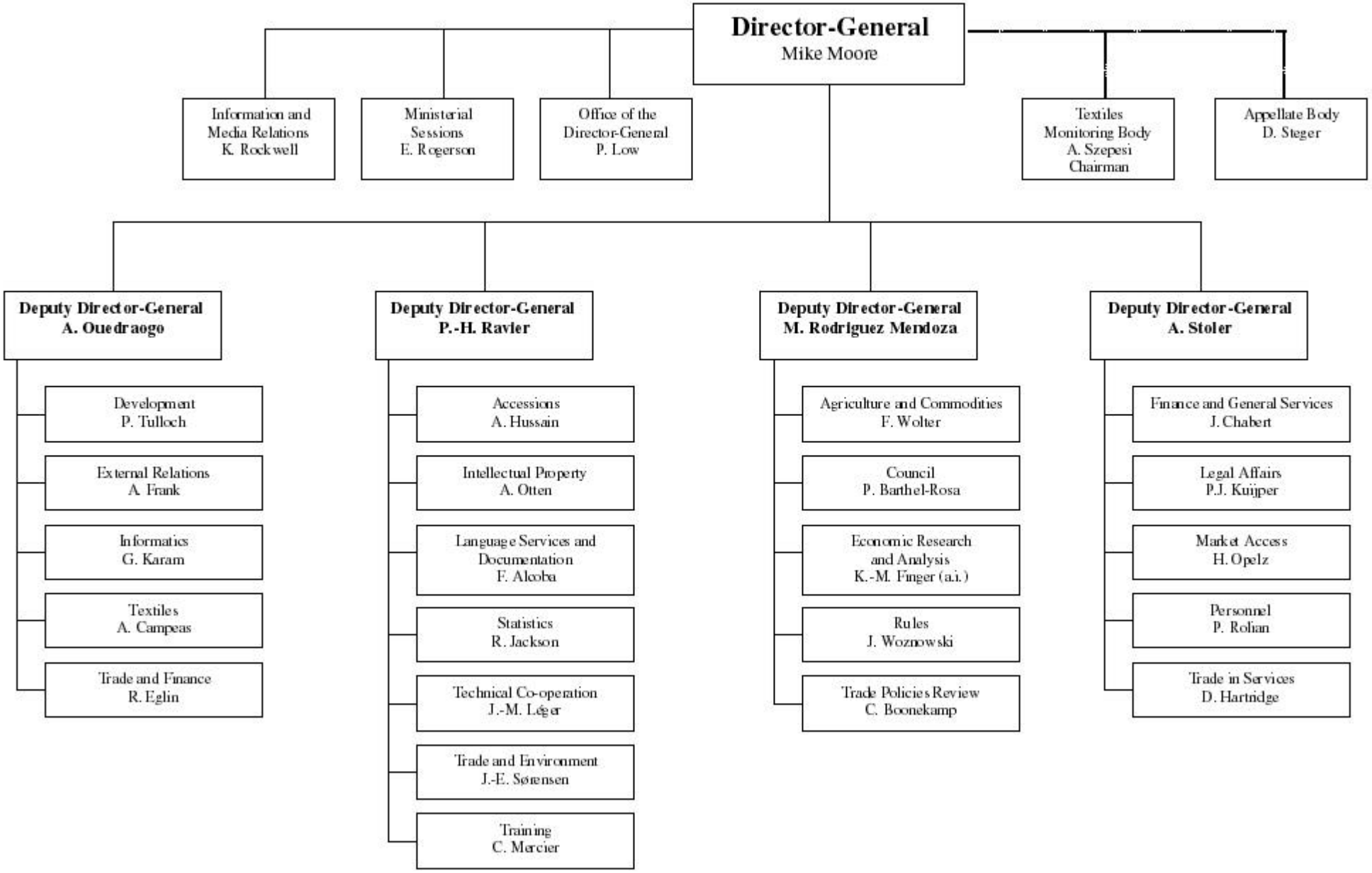


Table V.2

Table of regular staff by nationality

Country	Total	
	M	F
Argentina	2	4
Australia	5	5
Austria	2	1
Belgium	3	1
Benin	1	0
Bhutan	1	0
Bolivia	1	0
Brazil	1	3
Burkina Faso	1	0
Canada	17	8
Chile	3	2
Colombia	4	0
Costa Rica	0	1
Côte d'Ivoire	1	0
Cuba	0	1
Denmark	1	1
Egypt	2	1
Ethiopia	1	0
Finland	2	1
France	63	68
Germany	8	8
Ghana	2	0
Greece	2	2
Honduras	0	1
Hong Kong, China	0	1
Hungary	2	0
India	7	3
Ireland	1	13
Italy	10	10
Japan	2	1
Korea (Rep. of)	2	0
Lebanon	1	0
Malawi	1	0
Malaysia	1	1
Mauritius	1	0
Mexico	2	0
Morocco	0	1
Netherlands	7	2
New Zealand	4	1
Nigeria	1	0
Norway	3	0
Paraguay	0	1
Peru	5	3
Philippines	2	4
Poland	3	1
Portugal	3	0
Romania	1	1
Senegal	1	1
Spain	14	15
Sri Lanka	3	2
Sweden	3	5
Switzerland	16	27
Thailand	1	1
Tunisia	2	0
Turkey	1	1
United Kingdom	15	60
United States	8	15
Uruguay	3	2
Venezuela	2	1
Zaire	1	0
Zimbabwe	0	1
TOTALS FOR 2000	252	282
TOTAL STAFF FOR 2000	=	534[1]

[1] This is based on a count of individuals currently employed by the WTO.

WTO Secretariat: divisions

The WTO Secretariat is organized into Divisions with functional, information and liaison and support roles. Divisions are normally headed by a Director who reports to a Deputy-Director General or directly to the Director-General.

Functional divisions

Accessions Division

The work of the division is to facilitate the negotiations between WTO Members and states and entities requesting accession to the WTO by encouraging their integration into the multilateral trading system through the effective liberalization of their trade regimes in goods and services; and to act as a focal point in widening the scope and geographical coverage of the WTO. There are at present 30 Accession Working Parties in operation.

Agriculture and Commodities Division

The division provides effective assistance in all matters related to new negotiations on agriculture. This includes contributing actively to the effective implementation of the existing WTO rules and commitments on agriculture, assisting to enhance the quality of implementation, and ensuring that the work of the Committee on Agriculture in all areas, including in particular the process for multilaterally reviewing these commitments, is organized and conducted in an efficient manner. The work of the Division encompasses ensuring effective implementation of the Agreement on the Application of Sanitary and Phytosanitary Measures; support for implementation of the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries; providing effective services for dispute settlement in the area of agriculture; providing technical assistance, and cooperation with other international organizations and the private sector.

Council Division

The role of the division is to ensure the management of the General Council and the Dispute Settlement Body by providing assistance, advice and professional support to ensure the observance of Rules of Procedure and provide information and clarification thereof for the General Council and the DSB and through them to other WTO bodies; to maintain and update the Indicative List of Governmental and Non-Governmental Panelists for the DSB.

Development Division

The division ensures servicing of the Committee on Trade and Development, the Sub-Committee on Least-Developed Countries, and the Committee on Regional Trade Agreements. It assists senior management and the Secretariat as a whole on issues relating to developing countries' participation in the WTO agreements and the impact of regional trade agreements on the multilateral system.

Economic Research and Analysis Division

The division provides economic analysis and research in support of the WTO's operational activities, including monitoring and reporting on current economic news and developments. It carries out economic research on broader policy-related topics in connection with the WTO's work programme, as well as on other WTO-related topics of interest to delegations arising from the on-going integration of the world economy, the spread of market-oriented reforms, and the increased importance of economic issues in relations between countries. The Division contributes to regularly scheduled annual publications, including key parts of the Annual Report. Other major activities include work related to cooperation with other international organizations and the academic community through conferences, seminars and courses; preparation of special research projects on policy-related topics in the area of international trade; preparation of briefings to senior management.

Intellectual Property and Investment Division

The Division provides service to the TRIPS Council and to dispute settlement panels; service to any negotiations that may be launched on intellectual property matters; provides assistance to WTO Members through technical cooperation, in particular in conjunction with the World Intellectual Property Organization (WIPO), and through the provision of information/advice more generally; maintains and develops lines of communication with other intergovernmental organizations, the NGO community, intellectual property

practitioners and the academic community so that they have an adequate understanding of the TRIPS Agreement and of the WTO processes. In the area of competition policy it provides service to work in the WTO on the interaction between trade and competition policy; provides technical cooperation, in conjunction with UNCTAD and other intergovernmental organizations, and information/advice more generally to WTO Members. In the area of government procurement the division provides service to work in the WTO on transparency in government procurement; provides service to the Committee established under the plurilateral Agreement on Government Procurement and to dispute settlement panels that may arise; provides technical cooperation and information/advice more generally to WTO Members.

Legal Affairs Division

The principal mission of the Legal Affairs Division is to provide legal advice and information to WTO dispute settlement panels, other WTO bodies, WTO Members and the WTO Secretariat. The division's responsibilities include providing timely secretarial and technical support and assistance on legal, historical and procedural aspects of disputes to WTO dispute settlement panels; providing regular legal advice to the Secretariat, and in particular to the Dispute Settlement Body and its Chairman, on interpretation of the Dispute Settlement Understanding (DSU), WTO agreements and on other legal issues; providing legal information to WTO Members on the DSU and WTO agreements; providing legal support in respect of accessions; providing training in respect of dispute settlement procedures and on WTO legal issues through special courses on dispute settlement, regular WTO training courses and WTO technical cooperation missions; attend meetings of other organizations with WTO-related activities (e.g., IMF, OECD, Energy Charter).

Market Access Division

The division works with a number of WTO bodies, including:

Council for Trade in Goods: Servicing the Council includes the organization of formal meetings. The division also arranges informal meetings/consultations prior to formal meetings.

Committee on Market Access: Providing a forum for the discussion of tariff matters.; provide technical assistance to Members for the transposition into HS and renegotiation of pre-Uruguay Round concessions; providing technical assistance for the preparation of Harmonized Schedule96 and loose-leaf schedules documentation; monitoring the operation of the Integrated Data Base (IDB); developing a loose-leaf schedules database containing the consolidated schedules of all Members

Committee on Customs Valuation: Monitor and review annually the implementation of the Customs Valuation Agreement; provide service to the Committee on Customs Valuation; organizing, managing the WTO programme for technical assistance on customs valuation for developing countries that have invoked the five-year delay; cooperating with the World Customs Organization Secretariat on providing technical assistance to developing countries having requested a five-year delay in the implementation of the Agreement.

Committee on Rules of Origin: carrying out the harmonization work programme on non-preferential rules of origin; provide service to the Committee on Rules of Origin; providing information and advice to delegations, private parties and other divisions in the Secretariat on matters relating to rules of origin.

Committee on Import Licensing: Monitoring and reviewing the implementation and operation of the Agreement on Import Licensing Procedures; providing information and advice to acceding countries, delegations, private parties and other divisions in the Secretariat on matters relating to import licensing.

Committee on Information Technology: Providing technical assistance and information to acceding participants; review the implementation of the ITA; continue the work, technical and otherwise, with respect to non-tariff barriers and classification issues; for review of product coverage (ITAII); provide continuing support for the negotiations and the follow-up if necessary.

Committee on Preshipment Inspection: Monitoring the implementation of the Agreement on Preshipment Inspection; ensure the efficient operation of the Independent Review Entity under Article4 of the Agreement in cooperation with the International Chamber of Commerce and the International Federation of Inspection Agencies.

Ministerial Sessions Division

The division coordinates preparatory work for WTO Ministerial Conferences, as well as the follow-up of decisions and work programmes arising from these Conferences. In particular, the division assists in the establishment and operation of whatever negotiating structure may be agreed by Ministers; promotes communication and teamwork within the Secretariat in pursuance of these objectives; advises and supports senior management and the

Chairman of General Council (or other relevant WTO officers) in connection with their responsibilities in these areas.

The division has a continuous workload involving regular meetings at formal or informal general council level or the equivalent, numerous informal consultations, frequent contact with delegations and an important co-ordination and communication function within the Secretariat. In addition, the division contributes to the Secretariat's efforts to promote transparency and dialogue with the public, for example by providing speakers for meetings and by contributing to speeches for senior management.

Rules Division

The role of the division is to facilitate on-going negotiations and consultations in all WTO bodies serviced by the division and to ensure their smooth functioning. This includes monitoring implementation of the WTO Agreements in the area of anti-dumping, subsidies and countervailing measures, safeguards, state-trading and civil aircraft and actively assisting in their implementation; providing all necessary implementation assistance, counselling and expert advice to Members concerning the above Agreements; provides secretaries and legal officers to WTO dispute settlement panels involving the rules-area Agreements; active participation in the WTO technical assistance programme.

The bodies serviced by the Rules Division are: Committee on Anti-Dumping Practices, Committee on Subsidies and Countervailing Measures, Committee on Safeguards, Committee on Trade in Civil Aircraft, Working Party on State-Trading Enterprises, Informal Group of Experts on the Calculations of Subsidies under Article 6.1 of the Subsidies Agreement, Permanent Group of Experts, Informal Group on Anti-Circumvention, Ad-Hoc Group on Implementation of the Agreement on Anti-Dumping and Working Group on Trade and Competition (co-secretary).

Statistics Division

The Statistics division supports WTO Members and the Secretariat with quantitative information in relation to economic and trade policy issues. The division is the principal supplier of WTO trade statistics through the annual "International Trade Statistics" report and Internet and Intranet sites. The division is responsible for the maintenance and development of the Integrated Data Base which supports the market access Committee's information requirements in relation to tariffs. The division's statisticians also provide Members with technical assistance in relation to the Integrated Data Base. And finally, the division plays an active role in strengthening cooperation and collaboration between international organizations in the field of merchandise and trade in services statistics, and in ensuring that WTO requirements in respect to the concepts and standards underpinning the international statistical system are met.

Technical Cooperation Division

The division's mission is to contribute to the fuller participation of beneficiary countries in the multilateral trading system through human resource development, institutional capacity building, and increased public awareness of the multilateral trading system. The division delivers technical cooperation through activities including training; advisory missions; seminars and workshops on a country or regional basis, and/or technical notes on issues of interest to beneficiary countries. The aim is to develop better understanding of WTO rights and obligations, adaptation of national legislation and increased participation of these countries in the multilateral decision-making process. Legal advice is also be made available under Article 27.2 of the DSU. A number of activities are coordinated with other international organizations, principally UNCTAD and ITC, but also with IADB, World Bank, IMF, in the context of the Integrated Framework for Trade-Related Technical Assistance for Least-Developed Countries.

The division also delivers basic training on the multilateral trading system through the use of information technology tools such as CD-ROMs and Internet; increased use of video-conferencing, video cassettes and e-mail in technical cooperation activities to supplement paper-based documentation and face-to-face interaction. Related activities include establishing and supporting WTO Reference Centres with Internet connectivity and with training provided on how to track down trade-related sources on the Internet, particularly the WTO website; and how to use information technology tools to meet notification requirements. The Division manages use of technical cooperation trust funds provided by individual donor countries.

Textiles Division

The division provides technical advice and guidance on the implementation of the WTO Agreement on Textiles and Clothing (ATC) and on textile trade matters in general to WTO Members and countries in the process of accession; contributes to the servicing of the

Textiles Monitoring Body; provides service to DSU panels, in cooperation with the Legal Division; participates in WTO training and technical cooperation functions; maintains a broad knowledge based on developments in world textiles and clothing trade and government policies and actions in this area; provides information and advice to intergovernmental and non-governmental organizations, trade associations and academics.

The division ensures the efficient functioning of the Textiles Monitoring Body (TMB) by providing full service to it in carrying out its tasks to supervise the implementation of the Agreement on Textiles and Clothing (ATC), to examine all measures taken under the ATC and their conformity therewith and to take the actions specifically required of it by the ATC. It assists the TMB in preserving and further increasing transparency on matters related to its activities, in particular by providing detailed rationale in the TMB's reports on the Body's findings and recommendations.

Trade and Environment Division

The division provides service and support to WTO committees dealing with trade and environment and technical barriers to trade. For Trade and Environment, it supports the work of the Committee on Trade and Environment (CTE) by providing technical assistance to WTO Members; reporting to senior management and WTO Members on discussions in other intergovernmental organizations (IGOs), including negotiation and implementation of trade-related measures in multilateral environmental agreements. The division maintains contacts and dialogue with NGOs and the private sector on issues of mutual interest in the area of trade and environment.

Its work in the area of technical barriers to trade includes providing service to the Working Group on Technical Barriers to trade (WGTBT), if the TBT Committee so decides; providing technical assistance to WTO Members; providing Secretariat support to dispute panels and accessions examining aspects of the TBT Agreement. The division follows and reports on matters related to the TBT Agreement, and maintains contacts with the private sector on issues of mutual interest in this area.

Trade and Finance Division

The division's main objective is to service the needs of WTO Members and WTO management particularly in supporting the work of the Committees on Balance-of-Payment Restrictions and on Trade-Related Investment Measures, the Working Group on Trade and Investment, and informal General Council meetings on "Coherence in Global Economic Policy-making with the IMF and the World Bank". The division contributes to the work of dispute panels addressing matters falling under its responsibility; provides technical assistance and expert advice to Members in Geneva and in capitals, including joint activities with UNCTAD in the area of trade and investment; develops collaboration with the staff of the IMF and World Bank in work relating to coherence in international policy-making.

Trade in Services Division

The year 2000 is the first year in the new round of negotiations on services. This involves negotiations on new commitments in all services sectors as well as negotiations on new disciplines under the GATS including the clarification of some aspects of the Agreement itself. The Services Division provides support for these negotiations. It also continues to provide support for the Council for Trade in Services and other bodies established under the GATS including the Committee on Financial Services; the Working Party on Domestic Regulation; disciplines under Article VI:4; the Working Party on GATS Rules; disciplines relating to safeguards, subsidies, government procurement; the Committee on Specific Commitments; any additional bodies set up under the Council; any dispute settlement panels involving services.

Other work includes providing support for the Committee on Regional Trade Agreements in its work relating to Article V of the GATS, and for working parties on accession of new Members in relation to services; facilitating the implementation of the results of negotiations on basic telecommunications, financial services and professional services; participating actively in technical cooperation and other forms of public explanation of the GATS, and providing a continuing service of advice and assistance to Geneva delegations; monitoring implementation of the GATS in terms of notifications and implementation of existing and new commitments.

Trade Policies Review Division

The principal task of the TPR Division is, pursuant to Annex3 of the WTO Agreement, to prepare reports for meetings of the Trade Policy Review Body (TPRB), at which reviews of Members are carried out. The division provides a secretariat for the TPRB meetings. The division also prepares the Director-General's Annual Overview of trade policy developments

and plays a significant role in the preparation of the WTO Annual Report. During 2000, the division will be working on trade policy reviews of the following Members (in chronological order): Bangladesh; Brazil; Canada; European Union; Ghana; Guatemala; Iceland; Japan; Kenya; Republic of Korea; Macau, China; Norway; Peru; Poland; Senegal; Singapore; Switzerland; Tanzania; Uganda; Zimbabwe.

Training Division

WTO training activities aim to assist recipient countries in their understanding and implementation of agreed international trade rules and to contribute towards human resource development. This objective is achieved by the organization of six-week trade policy courses in Geneva for officials from developing countries. Regular trade policy courses aim to widen the participating officials' understanding of the multilateral trading system and international trade law, and of the activities, scope and structure of the WTO, in order to allow them to improve the effectiveness of their work in their own administrations. The courses consist of lectures given by Training Division and other WTO officials, invited experts from other international organizations, various simulation exercises conducted by outside consultants, and study tours in Switzerland and abroad. The Training Division is also responsible for supervising the participants' research work.

Information and liaison divisions

Information and Media Relations Division

As mandated by Member Governments the focus of the division is to use all the means at its disposal to better inform the public about the World Trade Organization. The division offers the public clear and concise information through frequent and regular press contact, a wide range of relevant publications and an ever-improving Internet service. Its work includes providing publications which delegations and the public deem necessary to their understanding of trade and the WTO.

The Internet is becoming an increasingly important vehicle for distributing WTO information. The "Newsroom" feature on the WTO website (www.wto.org) is accessible by journalists from around the world, while the main Internet site is accessed by over 250,000 individual users every month from more than 170 countries. Webcasting on the Internet is used to increase public access to special events such as Ministerial meetings and High-Level Symposia. IMRD, working closely with the Technical Cooperation Division, continues to follow-up the mandate established at the October 1997 High-Level Meeting on the Least-Developed Countries, including the establishment of a computerized network of 69 WTO Reference Centres in LDC and developing countries. The division continues to expand its private sector partnerships in the publication and distribution of WTO material both through electronic and printed formats with the objective of increasing worldwide distribution of these materials in the three WTO working languages of English, French and Spanish.

The WTO library contains a unique collection of materials from the GATT and the WTO as well as a range of works about the multilateral trading system. It is accessible to the public and will soon offer access to its catalogue through the WTO Internet site.

External Relations Division

The division is the focal point for relations with Non-Governmental Organizations, International Intergovernmental Organizations, with parliaments and parliamentarians. It also carries out responsibilities in regard to protocol and the maintenance of the WTO registry of documents. Its principle activities are to organize and develop dialogue with the civil society and its various components; to maintain liaison with the UN system, and in particular with UN New York HQ and with UNCTAD and the ITC. The division maintains liaison with OECD, particularly with the Trade Directorate regarding substantive issues. The division acts as the focal point in the Secretariat to ensure coordination of attendance at relevant meetings, attends meetings on behalf of the WTO and delivers lectures and speeches. It is also in charge of official relations with Members including host country and protocol matters in close liaison with the Office of the Director-General and it maintains the WTO Directory.

Support divisions

Finance and General Services Division

Its work focuses on ensuring the efficient functioning of services in (a) all financial matters, including budget preparation and control, accounting, and payroll, (b) logistical issues related to the physical facilities, and (c) missions and other travel arrangements. This includes monitoring the decentralized budget as well as the Trust Funds and providing timely information to divisions; ensuring the administrative functioning of the Committee on

Budget, Finance and Administration; providing information to senior management; assisting the host country in the preparation of the 1999 Ministerial Conference.

Personnel Division

The Personnel Division provides a comprehensive support service to management and members of the Secretariat of the WTO, by managing the human resources of the organization. This includes responsibilities for recruitment; development and implementation of personnel policies; organization and implementation of training programmes for WTO staff (management training and other forms of training); counselling for the staff and management of WTO.

Informatics Division

The division ensures the efficient operation of the information technology (IT) infrastructure as well as the necessary support to cover the information technology needs of Members and Secretariat. This includes implementation of the IT security policy. The division works to constantly enhance IT services and procedures to better facilitate dissemination of WTO information to Members and the public through the Internet and specialized databases.

The division supports a complex desktop and network environment covering 534 staff members, temporary staff and interns and a multitude of services (office automation, e-mail, Intranet, Internet, mainframe, client/server systems, etc.). In relation with the creation of WTO Reference Centres in the capitals of LDC and developing countries, the division provides IT expertise and participates in technical cooperation missions.

Language Services and Documentation Division

The division provides a range of language and documentation services to Members and to the Secretariat, including translation, documentation, printing and related tasks. The advent of the Internet has provided the Secretariat with a powerful vehicle to disseminate its documentation. The vast majority of people consulting WTO's homepage visit the LSDD's documentation facilities. Consultation is growing at a rate of 15% per month. LSDD ensures WTO documents, publications and electronic materials are available to the public and to Members in the three WTO working languages – English, French and Spanish.

WTO Appellate Body and its secretariat

The WTO Appellate Body

The Appellate Body was established pursuant to the Understanding on Rules and Procedures Governing the Settlement of Disputes (the "DSU"), which is contained in Annex2 to the Marrakesh Agreement Establishing the World Trade Organization. The function of the Appellate Body is to hear appeals arising from panel reports pursuant to Article17 of the DSU. The Appellate Body comprises seven Members, recognized authorities in law, international trade and the WTO Agreements generally, who reside in different parts of the world and are required to be available at all times and on short notice to hear appeals. Individual members of the Appellate Body are sometimes called upon to act as arbitrators under Article 21 of the DSU. It is projected that there will be a caseload of approximately 15–19 appeals in 2000.

WTO budget 2000

The WTO derives most of the income for its annual budget from contributions by its 135 Members. These are established according to a formula based on their share of international trade. The list of Members' contributions for 2000 can be found in Table V.5. The balance of the budget is financed from miscellaneous income.

Miscellaneous income is earned from rental fees and sales of WTO print and electronic publications. The WTO also manages a number of trust funds, which have been contributed by Members. These are used in support of special activities for technical cooperation and training meant to enable least-developed and developing countries to make better use of the WTO and draw greater benefit from the multilateral trading system. The active trust funds are listed in Table V.6. The WTO's total budget for the year 2000 is as follows:

- 2000 Budget for the WTO Secretariat: CHF125,386,460 (Table V.3);
- 2000 Budget for the Appellate Body and its Secretariat: CHF2,310,550 (Table V.4);
- Total WTO Budget for the year 2000: CHF127,697,010.

Table V.3

WTO Secretariat budget for 2000

Section	Swiss Francs
1. Staff (Work/years)	
(a) Salary	58,524,200
(b) Pensions	11,894,950
(c) Other Common staff costs	10,378,150
2. Temporary Assistance	9,826,850
3. Communications	
(a) Telecommunications	386,000
(b) Postage charges	1,227,000
4. Building Facilities	
(a) Rental	26,500
(b) Utilities	1,548,000
(c) Maintenance and Insurance	880,000
5. Permanent Equipment	3,299,250
6. Expendable Equipment	1,200,070
7. Contractual Services	
(a) Reproduction	1,267,000
(b) Office Automation/Informatics	2,098,090
(c) Other	357,000
8. Staff Overhead Costs	
(a) Training	375,000
(b) Insurance	1,034,000
(c) Joint Services	513,000
(d) Miscellaneous	39,500
9. Missions	
(a) Official	1,170,000
(b) Technical Cooperation	741,000
10. Trade Policy Training Courses	1,440,000
11. Contribution to International Trade Centre	14,199,900
12. Various	
(a) Representation and Hospitality	258,000
(b) Dispute Settlement Panels	1,010,000
(c) Permanent Group of Experts/Arbitration under GATS	30,000
(d) Library	555,000
(e) Publications	203,000
(f) Public Information Activities	262,000
(g) External Auditors	32,000
(h) Ministerial Meeting	400,000
(i) I S O	64,000
(j) Other	47,000
13. Unforeseen Expenditure	100,000
TOTAL	125,386,460

Table V.4

Appellate Body and its Secretariat's budget for 2000

Section	Swiss Francs
1. Staff (Work/ years)	
(a) Salary	1,178,800
(b) Pensions	229,800
(c) Other Common staff costs	183,550
2. Temporary Assistance	18,000
3. Telecommunications	6,500
4. Permanent Equipment	31,250
5. Expendable Equipment	17,350
6. Contractual Services – Reproduction	15,000
7. Staff Overhead Costs	2,000
8. Official Missions	9,000
9. Various	
(a) Representation and Hospitality	1,000
(b) Appellate Body Members	615,200
(c) Library	3,100
TOTAL	**2,310,550**

Table V.5

Members' contributions to the WTO budget and the budget of the Appellate Body for 2000[1]

Members	2000 Contributions	
	%	Swiss Francs
Angola	0.061	77,226
Antigua and Barbuda	0.015	18,990
Argentina	0.456	577,296
Australia	1.302	1,648,332
Austria	1.505	1,905,330
Bahrain	0.076	96,216
Bangladesh	0.099	125,334
Barbados	0.019	24,054
Belgium	2.850	3,608,100
Belize	0.015	18,990
Benin	0.015	18,990
Bolivia	0.025	31,650
Botswana	0.039	49,374
Brazil	1.028	1,301,448
Brunei Darussalam	0.047	59,502
Bulgaria	0.103	130,398
Burkina Faso	0.015	18,990
Burundi	0.015	18,990
Cameroon	0.029	36,714
Canada	3.901	4,938,666
Central African Republic	0.015	18,990
Chad	0.015	18,990
Chile	0.335	424,110
Colombia	0.262	331,692
Congo	0.026	32,916
Costa Rica	0.069	87,354
Côte d'Ivoire	0.068	86,088
Cuba	0.054	68,364
Cyprus	0.059	74,694
Czech Republic	0.507	641,862
Democratic Republic of the Congo	0.020	25,320
Denmark	1.019	1,290,054
Djibouti	0.015	18,990
Dominica	0.015	18,990

Table V.5 *(continued)*

Members' contributions to the WTO budget and the budget of the Appellate Body for 2000[1]

Members	2000 Contributions	
	%	Swiss Francs
Dominican Republic	0.109	137,994
Ecuador	0.089	112,674
Egypt	0.265	335,490
El Salvador	0.049	62,034
Estonia	0.062	78,492
European Communities	0.000	0
Fiji	0.018	22,788
Finland	0.719	910,254
France	5.807	7,351,662
Gabon	0.037	46,842
Gambia	0.015	18,990
Germany	9.693	12,271,338
Ghana	0.032	40,512
Greece	0.331	419,046
Grenada	0.015	18,990
Guatemala	0.055	69,630
Guinea	0.015	18,990
Guinea-Bissau	0.015	18,990
Guyana	0.015	18,990
Haiti	0.015	18,990
Honduras	0.034	43,044
Hong Kong, China	3.623	4,586,718
Hungary	0.390	493,740
Iceland	0.041	51,906
India	0.830	1,050,780
Indonesia	0.959	1,214,094
Ireland	0.961	1,216,626
Israel	0.550	696,300
Italy	4.732	5,990,712
Jamaica	0.057	72,162
Japan	7.214	9,132,924
Kenya	0.052	65,832
Korea, Rep. of	2.653	3,358,698
Kuwait	0.216	273,456
Kyrgyz Republic	0.015	18,990
Latvia	0.052	65,832
Lesotho	0.015	18,990
Liechtenstein	0.028	35,448
Luxembourg	0.285	360,810
Macau, China	0.063	79,758
Madagascar	0.015	18,990
Malawi	0.015	18,990
Malaysia	1.476	1,868,616
Maldives	0.015	18,990
Mali	0.015	18,990
Malta	0.051	64,566
Mauritania	0.015	18,990
Mauritius	0.043	54,438
Mexico	1.975	2,500,350
Mongolia	0.015	18,990
Morocco	0.162	205,092
Mozambique	0.015	18,990
Myanmar, Union of	0.015	18,990
Namibia	0.030	37,980
Netherlands, Kingdom of the	3.449	4,366,434
New Zealand	0.291	368,406
Nicaragua	0.017	21,522

Table V.5 *(continued)*

Members' contributions to the WTO budget and the budget of the Appellate Body for 2000[1]

Members	2000 Contributions	
	%	Swiss Francs
Niger	0.015	18,990
Nigeria	0.229	289,914
Norway	0.933	1,181,178
Pakistan	0.197	249,402
Panama	0.133	168,378
Papua New Guinea	0.042	53,172
Paraguay	0.047	59,502
Peru	0.144	182,304
Philippines	0.667	844,422
Poland	0.644	815,304
Portugal	0.604	764,664
Qatar	0.055	69,630
Romania	0.179	226,614
Rwanda	0.015	18,990
St. Kitts and Nevis	0.015	18,990
Saint Lucia	0.015	18,990
St. Vincent and the Grenadines	0.015	18,990
Senegal	0.023	29,118
Sierra Leone	0.015	18,990
Singapore	2.431	3,077,646
Slovak Republic	0.214	270,924
Slovenia	0.178	225,348
Solomon Islands	0.015	18,990
South Africa	0.561	710,226
Spain	2.464	3,119,424
Sri Lanka	0.092	116,472
Suriname	0.015	18,990
Swaziland	0.019	24,054
Sweden	1.549	1,961,034
Switzerland	1.777	2,249,682
Tanzania	0.027	34,182
Thailand	1.138	1,440,708
Togo	0.015	18,990
Trinidad and Tobago	0.032	40,512
Tunisia	0.136	172,176
Turkey	0.754	954,564
Uganda	0.019	24,054
United Arab Emirates	0.538	681,108
United Kingdom of Great Britain and Northern Ireland	6.035	7,640,310
United States of America	15.717	19,897,722
Uruguay	0.064	81,024
Venezuela	0.331	419,046
Zambia	0.022	27,852
Zimbabwe	0.036	45,576
TOTAL	100.000	126,600,000

1. Contributions are determined according to each Member's share of international trade (%), based on trade in goods, services and intellectual property rights for the last three years for which data is available. There is a minimum contribution of 0.015% for Members whose share in the total trade of all Members is less than 0.015%.

Table V.6

List of major active trust funds donated for technical cooperation and training activities

Donor	Currency	Amount	Swiss Francs	Conditions	Fund
New contributions to be spent in 2000					
Denmark	USD	1,000,000	1,620,000	Activities addressed primarily to LDCs	TDK02
Norway	NOK	4,800,000	947,100	For LDCs	TNO02
Germany	DM	230,000	191,000	Developing country Trade Policy Reviews, 1 million DM to be spent over 4 years	TDE01
Japan			109,000	To finance one regional activity in Asia	TJP05
Finland	FIM	1,000,000	269,942	None	TFI01
			3,137,042		
Balance of existing funds available as at 1 January 2000 (taking into account new instalments due in 2000)					
JITAP[1]			200,000	For JITAP countries exclusively	T0027
Switzerland			435,000	None	T0030
United Kingdom			500,000	None	T0037
Hong Kong, China			60,000	None	T0024
Sweden			115,000	Priority to be given to LDCs	T0036
			1,310,000		
Total amount available (estimate)			**4,447,042**		

[1] The Joint Integrated Technical Assistance Programme for Selected Least-Developed and other African countries.