

# Annual Report 2006



# WTO MEMBERS

(As of 11 December 2005)

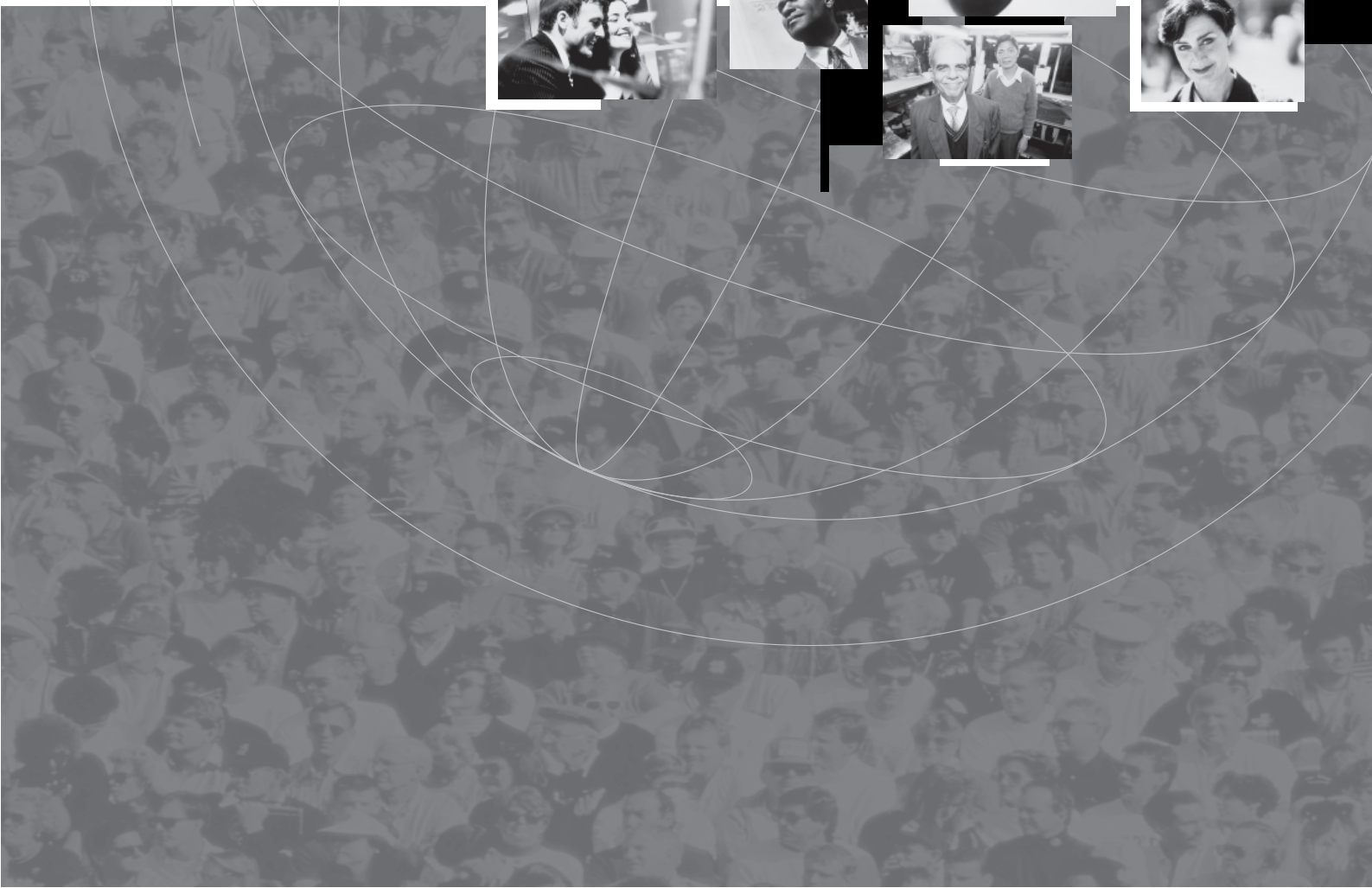
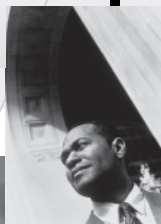
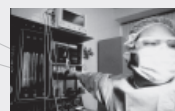
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| Albania  | Gabon              | Netherlands                        |
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| Argentina  | Germany            | Niger                              |
| Armenia  | Ghana              | Nigeria                            |
| Australia  | Greece             | Norway                             |
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## Foreword by the Director-General

The past year has been a turbulent one for the WTO. There were some highlights certainly. We marked the 10th year anniversary of the creation of what many people have called the most important multilateral organization to have been formed in many decades. There was also a change at the helm of the Organization with my taking over as Director-General in September 2005.

The Hong Kong Ministerial Conference was well organized and WTO Members agreed on some modest achievements which moved forward the Doha Development Round negotiations. But Hong Kong, and the negotiations leading up to the meeting, were also a portent of the difficulties we were to face in 2006. Perhaps most significantly, it became clear mid-way through 2006 that the organization has clearly failed to achieve the mandate set by ministers in Hong Kong to conclude the negotiations by the end of 2006.

The past year has also further reinforced a major shift in the trading paradigm. Overall, trade growth was strong again in 2005 and the traditional major players like the European Union, Japan and the United States continue to see consistent gains in trading volume. But the real dynamism in trade is to be found in the developing world, where Brazil, China, India, Malaysia, Mexico and Thailand all posted double digit growth in exports. Not only have these emerging markets flexed their growing muscles in the global market place, but Africa too has staked its claim to a bigger share of the pie by posting export growth in excess of 25% in each of the past three years.

This success in the marketplace has been well reflected in the strong and growing roles of developing countries not only in the Doha negotiations but in all facets of WTO activity. Agreement on an amendment to the Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS) which greatly facilitates access for developing countries to essential medicines under patent, significant progress in negotiations concerning trade in cotton, the formation of powerful negotiating groups like the G-90, the G-33 and the G-20 all illustrate that this is an organization in which all Members can not only state their case, but can achieve meaningful objectives on their path towards development. The growing role of developing countries in the WTO dispute settlement process is another indication of how developing countries are participating in the global system. In 2005, developing countries brought 64% of the complaints to the WTO's Dispute Settlement Body, which compares with only 20% in 1997 and just 12% in 1998. Many of the cases brought have been high profile and there is increasing recognition among developing country officials that use of the dispute settlement system can be a highly effective way to enforce their rights.

Not all developing countries have the capacity to use this system, though, and while technical assistance and capacity building programmes – together with the highly professional work of the Advisory Centre on WTO Law – have greatly enhanced the ability of developing countries to participate in dispute settlement, more clearly needs to be done in the coming years.

Certainly, there remain huge resource constraints on developing country delegations which affect their ability to fully participate in the negotiations. It's true as well that further capacity building is required if developing countries are to seize the opportunities that will arise from a successful Doha Round. It is to answer this question that 2005 saw the emergence of Aid for Trade as a necessary complement to a robust Doha Development Agenda.

The progress made in 2005 toward making the WTO more equitable and more relevant was certainly important and noteworthy. But it was also a year which brought frustration because while our objectives are clearly within our grasp, we have still been unable to walk the extra mile to a final agreement.

Our problems in the negotiations revolve around agriculture, an area which accounts for less than 10% of global trade, but which remains deeply sensitive from a political standpoint. The major players could not agree on key numbers for reducing subsidies and cutting tariffs and the inability to reach accord in these areas spilled over into all elements of the talks as governments waited for an outcome in farm trade before moving ahead in negotiations on industrial tariff cuts, trade in services or improving WTO rules.

There is nothing new in agriculture holding up wider global trade negotiations so in that respect at least the negotiating dynamic in 2005 was little changed from previous years. In fact, 2006 has already shown that the agriculture problem will not be resolved easily. While the politics of agriculture are obviously important, a world impatient for solutions to endemic and chronic poverty neither understands nor accepts that a few thousands tonnes of beef, a few thousand tonnes of chicken and a few billion dollars in domestic subsidies should stand in the way of a trade agreement which promises developing countries the opportunity to participate much more fully in the global economy.

Pascal Lamy  
Director-General

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# Chapter One

## OVERVIEW

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## Introduction

The global trading system is undergoing a period of transition. Shifting economic circumstances, major advances in technology and the emergence of new players on the global scene all underscore that we are on the cusp of big changes. Persistent imbalances, driven largely by macro-economic factors continue to be a cause for concern in some major economies. In such a climate of uncertainty the WTO's Member governments face the challenge of strengthening the global trading system, rendering it more equitable and relevant for those who trade in the 21<sup>st</sup> century. That objective was re-affirmed at the WTO's Sixth Ministerial Conference, in Hong Kong, at the end of 2005. It remains the goal that drives the work of the organization in its pursuit of a successful conclusion to the Doha Round.

## The Sixth WTO Ministerial Conference

The most significant moment for the WTO in 2005 came in the closing moments of the Sixth Ministerial Conference in Hong Kong (13-18 December). Ministers from the organization's 149 Member governments approved a 44-page Declaration which, though it fell short of the aspirations many held for Hong Kong, nonetheless pushed the Doha Round closer toward conclusion.

The Declaration was agreed after several days of meetings late into the night, the last two continuing to the morning. The Hong Kong Ministerial was the largest ever, bringing together over 11,000 participants including delegations of WTO Members, representatives of Non-Governmental Organizations (NGOs) and media.

During the week-long negotiations, 450 meetings were organized, and over 200 consultations were held by facilitators. The result was seen as a rebalancing in favour of developing countries, whose interests were re-confirmed to be at the heart of the negotiations, as provided for in 2001 when the Round was launched at the Doha Ministerial.

The Declaration put the Doha negotiations back on track after a period of hibernation.

Its contents include:

- an end date (2013) for all export subsidies in agriculture,
- an agreement on cotton,
- a duty-free, quota-free market access for the 32 least-developed country Members,
- a beefed-up framework for full modalities in agriculture and NAMA (non-agricultural market access),
- a text in services that points to the way forward for on-going negotiations.

The Declaration captures the progress that countries have made in the negotiations since July 2004; and it builds on progress in key areas to provide a launch pad for "full negotiating modalities" – a numerical work plan that sets out in full the rates at which tariffs will be cut and subsidies reduced, with target dates for implementation.

WTO Members praised the inclusive approach of the conference preparations, particularly the fact that inputs came directly from Members. This was, they said, further evidence for the inclusion of all Members in the on-going process of negotiating a successful conclusion to the Doha Round.

In proposing a global partnership for development, the United Nations' Millennium Development Goals called on the WTO to address the specific market access needs of developing and least-developed countries. The Doha Round has the potential to contribute to achievement of the Millennium Development Goals – particularly those of "eradicating extreme poverty and hunger", and forming "a global partnership for development".

Through greater trade opening in agricultural goods, industrial goods, and services, developing countries stand to enhance their export opportunities and to raise their standards of living.

Important elements of the Doha Round include the mandate to sharply reduce trade distorting agricultural subsidies that have kept some developing countries out of international markets, to reduce tariff peaks and tariff escalation particularly for products of interest to developing countries, and to fine-tune WTO rules in areas like anti-dumping.

Hong Kong also set the foundation for a new “Aid for Trade” package designed to integrate developing countries more fully in the global trading system by addressing supply side constraints, raising training levels and improving infrastructure. Market opening opportunities can be of little use to countries if their limited production capacity and infrastructure holds them back. This is the issue that Aid for Trade focuses on. The Hong Kong Ministerial was also marked by the accession of Tonga, which will become a WTO Member once its national ratification procedures have been completed.

## Strengthening the WTO – The “Geneva Consensus”

The past year saw the emergence in the public discourse of new perspectives on the role of the WTO; on how it can best fulfil its mandate on global trade while ensuring that its work also serves the broader interests of the world’s citizens.

Globalization has enabled individuals, corporations and nation-states to influence actions and events around the world – faster, deeper and cheaper than ever before – and equally to derive benefits for them. Globalization has led to the reduction of many barriers and walls, and has the potential for expanding freedom, democracy, innovation, social and cultural exchanges while offering outstanding opportunities for dialogue and understanding. But this phenomenon of globalization has not come without cost. While trade brings benefits to the great majority of citizens through enhanced innovation generated by greater competition, lower prices and wider availability of goods and services, there is no denying that there are some who lose out through trade expansion. Those who see their lives disrupted by trade are often vocal in their objections to greater openness while the many benefiting from greater opening are largely silent. This dynamic needs to be addressed in several ways. First and foremost through increased training and education to equip citizens for a more up to date working environment. Secondly, politicians need to do more to ensure that those who gain from trade understand that this is, in fact, the case.

Trade is perhaps the most obvious form of globalization; the tip of a very large iceberg that juts above the surface. But there are many other elements to globalization including a number of phenomena – the scarcity of energy resources, the deterioration of the environment and natural disasters (such as hurricane Katrina or the Asian tsunami) and the spread of pandemics (AIDS, bird flu). Obviously, trade does not provide the answers to all of these problems.

Yet, it is increasingly evident that there must be global solutions to global problems. There is a widening gap between global challenges and the traditional ways of working out solutions, through nation states. To address global questions, problems, threats, fears, at the appropriate level, requires a system of governance at the global level which is responsive to emerging global challenges.

The international trading system and its benefits belong to everyone – they are an international public good. It is in accordance with this principle that the WTO and the multilateral system recognize different values, including a consensus on the benefits resulting from market opening or the right to protect the environment. It is clearly recognized in the WTO that non-trade values can supersede trade considerations in some circumstances. The WTO system, guided by its Members, has been able to take into account new actors on the international scene; it has also demonstrated that its dispute settlement system can be fair, effective and attuned to the broader implications of its rulings.

While the opening up of markets stimulated by the WTO has the potential to produce benefits for many, it also has its costs, particularly for developing countries who face challenges from the opening up of markets. Dealing with these costs must be part of the opening-up agenda.

This requires what WTO Director-General Pascal Lamy has called a new “Geneva consensus”: a new basis for the opening-up of trade that takes into account the necessity to upgrade capacities and to cope with the adjustment costs. Such a consensus among organizations with a role in global governance implies a commitment to help the poor to build up their stocks and therefore adequate productive and logistical capacity; to increase their capacity to negotiate and to implement the commitments undertaken in the international trading system; and to deal with the imbalances created between winners and losers from trade opening – imbalances that are the more dangerous to the more fragile economies, societies or countries. Building the capacity they need to take advantage of

open markets or helping developing countries to adjust must be part of the common global agenda.

Part of this challenge falls under the WTO; but the WTO lacks the institutional capacity to formulate and lead development strategies. The challenge to humanise globalization necessarily involves other actors in the international scene: the International Monetary Fund (IMF), the World Bank (WB), regional development banks and the United Nations family of organizations, as well as important donors such as the EU, Japan, Norway or the US.

A combined effort by all partners in the system of global governance can help ensure that trade is used as a tool to elevate the human condition, and that trade rules and developments are made to work for the well-being of humanity. The new “Geneva Consensus” has the potential to succeed in contributing to the process of humanising globalization and establishing further justice and equity in the world we share.

WTO Members are conscious of not acting alone in the international sphere and existing relations among international organizations reflect a coherence which is one of the elements of the WTO’s contribution to global governance.

The partnership with other international organizations developed further in 2005, based on practical programs that help support coherence in global governance.

A notable program of interagency cooperation on technical assistance and capacity building is the Integrated Framework for LDCs, which involves the WTO, IMF, World Bank, UNCTAD, ITC and UNDP. This interagency cooperation is expanding with the ongoing work on the Aid for Trade program which brings these organizations together with regional development banks.

In the area of standards setting, we now have a mechanism – The Standards and Trade Development Facility – which involves the WTO, World Bank, FAO, World Health Organization and the World Organization for Animal Health. Its purpose is to assist developing countries establish and implement SPS standards to ensure health protection and facilitate trade expansion.

In the area of trade and environment, the WTO and UNEP have entered into a cooperation arrangement. There are some 75 international organizations that have obtained formal or *ad hoc* observer status in WTO bodies. The WTO is also participating as an observer in many international organizations. Although the extent of such cooperation varies, coordination and coherence between the work of the WTO and that of other international organizations continue to evolve in a pragmatic manner.

The WTO has observer status in the WHO and the WHO has observer status in the SPS and TBT Committees. The FAO/WHO Joint Codex Alimentarius Commission, International Plant Protection Convention and the World Organization for Animal Health have observer status in the SPS Committee, and the WTO participates as an observer in the meetings of these bodies.

In the context of the Doha Round, the WTO Secretariat has also been collaborating closely with the secretariats of some multilateral environmental agreements (MEAs), as well as other international organizations, including UNEP and UNCTAD, which have been regularly attending WTO meetings.

Finally, in the context of the implementation of WTO Agreements and of the Doha Work Programme, the WTO cooperates on an *ad hoc* basis with a large number of intergovernmental organizations, including many regional bodies.

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## A summary of trade developments in 2005

World trade, as measured by merchandise exports, grew by 6% in real terms during 2005 (at constant prices, i.e. volumes adjusted to take account of price changes), after an exceptional 9% expansion recorded in 2004. The slowdown reflected a weaker world economy, and was observable from mid-2004. However, this downward trend in trade growth was arrested and reversed by the second quarter.

Trade growth in dollar value terms, which is affected by price changes, decelerated more strongly than real trade growth in 2005, as average dollar prices increased less rapidly (6.5% in 2005 compared to 11% in 2004). The value of world merchandise exports rose by 13% in 2005, compared to 21% in 2004 and exceeded the \$10 trillion mark for the first time. Commercial services exports are estimated to have increased by 11% at current prices (i.e. in nominal or dollar terms) to \$2.4 trillion in 2005 (19% in 2004).

Fuelled by the rise in oil prices, Africa, the Middle East, Central and South America and the Commonwealth of Independent States (CIS, the former Soviet Union countries excluding the Baltic states) recorded strong merchandise export growth in 2005. All these regions are large net exporters of fuels. Africa and the Middle East recorded their highest shares in

world merchandise exports in two decades, due to developments in the oil market over the last two years.

Europe's trade performance was sluggish in 2005, in line with its overall economic performance. Export and import growth were weaker than in all other regions in terms of both goods and services. The rise in North America's merchandise and services exports remained slightly below the global expansion rate.

Trade developments by sector showed a large variation, mostly due to relative price developments. Weak and stagnating prices for food, agricultural raw materials and manufactured goods contrasted with a further sharp rise in metals and fuels prices. Consequently, the share of fuels and other mining products in world merchandise trade rose to 16%, the highest level since 1985. On the other hand, the share of agricultural products in world merchandise exports decreased to a historic record low of less than 9%.

Within the manufacturing sector, the largest export value increases were observed for iron and steel products and for chemicals. Although global demand recovered somewhat for computers and other electronic products, the trade value of these categories expanded no faster than that of manufactured goods in general. In other words, electronic products have not regained the dynamic role they played in the expansion of trade in manufactures throughout the 1990s. In the 1990s, the export value of electronic goods rose on average by 12% or twice as fast as all other manufactured goods. Available information in early 2006 points to a below average expansion of global trade in textiles and clothing in 2005.

Among the broad commercial services categories (transportation, travel and other commercial services) expansion rates were rather similar in 2005, ranging from nearly 10% for travel to 12% for transportation services.

Exchange rate fluctuations were significant in 2005. In the course of the year, the euro, the British pound and the Japanese yen depreciated *vis-à-vis* the dollar, reversing the appreciation which had occurred throughout 2004. However, the annual 2005 averages of these exchange rates to the US dollar remained largely unchanged from the preceding year. On the other hand, the currencies of a number of major natural resource exporting countries such as Australia, Brazil, Canada, Chile and Mexico, appreciated between 3.5% and 17%.

The marked rise in prices for fuels and other mining products has boosted the trade surplus of the oil exporting countries (regions) and deepened the trade deficit in many oil importing countries. The United States, which was already running large deficits in its trade balance (goods) and current account (goods and services) in 2004, experienced a further widening of these deficits in 2005. The US deficit in goods and services trade corresponded to slightly less than 6% of US gross domestic product (GDP). It was also about 6% of world merchandise and commercial services exports.

Low interest rates in developed country markets contributed to an easing of the debt situation in many developing countries. The resurgence of foreign direct investment (FDI) flows and the sharp rise in the stock markets worldwide are additional indicators that capital market developments were supporting the recovery of the global economy and trade in the course of 2005.

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## WTO regular activities.

WTO Members and its Secretariat marked the 10<sup>th</sup> anniversary of the organization in 2005 by working even harder to further the work of the organization – negotiating fine points of WTO trade law, settling trade disputes, and building capacity for all countries to benefit from trade. These regular activities are reported on extensively in this Report



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## Chapter Two

### WTO ACTIVITIES

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The WTO documents identified in this section of the Annual Report can be downloaded from the WTO website [www.wto.org](http://www.wto.org), in the section named Documents.

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## PART I

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### I. The Ministerial Conference

The Ministerial Conference of the WTO, composed of representatives of all the Members, is the highest decision-making body of the organization, and is required to meet at least once 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 Sixth Session of the Ministerial Conference

In its Decision of 1 August 2004 on the Doha Work Programme, the WTO General Council – the executive body of the WTO between Ministerial Conferences – agreed to continue the negotiations launched at Doha beyond the timeframe set out in paragraph 45 of the Doha Declaration, leading up to the Sixth Session of the Ministerial Conference.<sup>1</sup> The General Council also agreed that the Sixth Session would be held in Hong Kong, China on 13-18 December 2005. The General Council and other relevant bodies were to report in line with their Doha mandates to the Ministerial Conference, and the moratoria covered by paragraph 11.1 of the Doha Ministerial Declaration Decision on Implementation-related Issues and Concerns and paragraph 34 of the Doha Ministerial Decision were extended up to that Conference.

Preparations for the Hong Kong Ministerial Conference took place in Geneva under the overall authority of the General Council. As described elsewhere in this report, discussion on the substantive matters to be taken up at the Conference was conducted in the TNC, relevant negotiating groups and other WTO bodies, as well as in consultations undertaken by the General Council Chairman and Director-General, and consultations facilitated by those whom the General Council Chair and Director-General requested to take on such roles. In the preparatory process, there was wide agreement that the Conference should provide the launching pad for concluding the negotiations under the Doha Development Agenda in 2006.

#### Plenary Meetings

The Sixth Session formally opened in the afternoon of 13 December under the Chairmanship of Mr. John C. Tsang, Secretary for Commerce, Industry and Technology of the Hong Kong Special Administrative Region of the People's Republic of China. The inaugural session was addressed by the Honourable Donald Tsang, GBM, Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China, H.E. Ms. Amina Mohamed, Ambassador and Permanent Representative of Kenya to the WTO and Chairman of the General Council, Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD, on behalf of Mr. Kofi Annan, Secretary-General of the United Nations, and Mr. Pascal Lamy, Director-General of the WTO.

Ministers adopted a six-point agenda for the Conference under which they agreed to: (i) review the operation and functioning of the multilateral trading system; (ii) consider two items proposed by Members for inclusion in the agenda, namely, (a) a joint proposal for a sectoral initiative in favour of cotton by Benin, Burkina Faso, Chad and Mali; and (b) a proposal by Honduras on EC Compliance with all MFN Rights and Interests on Bananas under the Doha Ministerial Decision of 14 November 2001, the Award of Arbitrator of 1 August 2005, the Award of Arbitrator of 27 October 2005, GATT Article XIII, GATT Article XXVIII, and all other WTO Obligations; (iii) review ongoing accession processes and welcome those recently completed, including the accession of Tonga; (iv) take any action which they deemed necessary for the work of the WTO, which was expected to include a Ministerial text and decisions; (v) decide on the date and venue of the Seventh Session; and (vi) elect officers to hold office until the end of the Seventh Session.

In the course of the formal Plenary meetings over the following days, 145 Members, 17 observer governments and 11 observer international intergovernmental organizations delivered and/or circulated statements under the first agenda item on the overview of

<sup>1</sup> WTO document WT/L/579.

WTO activities. In considering the joint proposal for a sectoral initiative in favour of cotton by Benin, Burkina Faso, Chad and Mali under the second item of the agenda, Ministers noted that the issues that had been raised during the discussion under this agenda item were being considered as part of the negotiations on agriculture as agreed in the General Council Decision of 1 August 2004. Also under the second agenda item, Ministers considered a proposal by Honduras on EC Compliance with all MFN Rights and Interests on Bananas under the Doha Ministerial Decision of 14 November 2001, the Award of Arbitrator of 1 August 2005, the Award of Arbitrator of 27 October 2005, GATT Article XIII, GATT Article XXVIII, and all other WTO Obligations. At the close of the discussion, the Chairman proposed that in the light of the concerns that had been brought to Ministers' attention, he would reflect on possible next steps in consultation with Honduras and other interested delegations. On 16 December, the Chairman informed delegations that he had requested Minister Støre of Norway to act as Facilitator on this matter and that the latter would reflect with interested delegations on possible next steps. The conclusions of this consultative process are described below under results of the Sixth Session. The actions taken by Ministers under items (iii) and (iv) of the agenda are also described below. Under items five and six of the agenda, Ministers requested the WTO General Council to pursue consultations and to take decisions on the questions of date and venue of the Seventh Session, and the election of officers for that Session.

## Informal Consultative Process

At the opening of the business session of the Conference on 13 December, the Chairman announced that a process of intensive informal open-ended meetings at the level of Heads of Delegation – which would continue throughout the Conference in parallel with the formal Plenary meetings – would be organized as the core forum to facilitate discussion and consensus building on the text that would be put forward for formal consideration and action by Ministers under Agenda Item 4 of the Conference, in a fully transparent, inclusive and flexible manner. The basis of work in this informal consultative process was the draft Ministerial text forwarded to Ministers from the Geneva preparatory process by the Chairman of the General Council and the Director-General. In order to organize the limited time in an efficient manner, the Chairman announced that he had requested six Ministers to act as Facilitators to help him with negotiations on various subjects. He also announced that the Facilitators would report back regularly to the open-ended Heads-of-Delegation meetings on progress. The Chairman underscored that the task of the Facilitators was to resolve differences and thus facilitate consensus, and that any decisions could ultimately only be taken by the membership as a whole. The Facilitators engaged in a comprehensive process of intensive informal meetings, and their daily reports back to Heads-of-Delegation meetings identified progress and outlined areas where further work was required. This process was similar to the one which had been followed in Geneva in preparing for the Hong Kong Conference and the process at previous Ministerial Conferences.

The immediate focus of work was on three key issues of agriculture, non-agricultural market access and specific development issues, with the understanding that provision would be made as necessary for other areas of concern to be addressed. Open-ended working group meetings were organized on each of the above-mentioned areas and delegations were invited to make brief and focused interventions. On the basis of these meetings the Facilitators engaged individual as well as groups of delegations in informal consultations to address specific concerns and issues which had been articulated during the open-ended working group sessions. Throughout the consultative process the Facilitators announced their availability to all delegations wishing to raise issues of particular concern.

Table II.0

**List of the issue areas and Facilitators**

| Issue  | Facilitator  |
|--|--|
| Agriculture  | H.E. Dr. Mukhisa Kituyi<br>Minister for Trade and Industry<br>Kenya                              |
| Non-Agricultural Market Access   | H.E. Mr. Humayun Khan<br>Minister for Commerce<br>Pakistan                                       |
| Specific Development Issues  | Hon. Clement James Rohee<br>Minister of Foreign Trade and<br>International Cooperation<br>Guyana |
| Services   | H.E. Mr. Hyun Chong Kim<br>Minister for Trade<br>Korea   |
| Rules, and the EC Banana Regime as raised by Honduras under<br>Item 2 of the Conference Agenda | H.E. Mr. Jonas Gahr Støre<br>Minister of Foreign Affairs<br>Norway                               |
| Other Issues   | H.E. Mr. Ignacio Walker Prieto<br>Minister of Foreign Affairs<br>Chile                           |

On the basis of work in the informal consultative process as described above, as well as smaller group meetings chaired by the Chairman of the Conference, a revised draft Ministerial text was distributed on 17 December, which served as the basis for further discussion among Ministers. The discussions focused on a number of difficult issues including the texts on agriculture, NAMA, the Agreement-specific S&D proposals for LDCs, and Services. Delegations also continued to work separately on a text on Cotton. Discussions were open and frank with delegations understanding the trade-offs necessary in the different areas in order to address the key political needs of various countries and also the imperative of getting to a deal by the last day of the Conference. As a result of the progress achieved in the areas that were discussed and the intensive and extensive meetings over the previous days lasting into the early hours of 18 December, the Chairman submitted for Members' consideration a second revised draft Ministerial Declaration on 18 December. At a final open-ended informal Heads-of-Delegation meeting in the evening of 18 December at which Ministers considered this revised text, the Chairman urged all delegations to unite in agreeing on the text in the shared interest of advancing the work of the DDA in which all had invested so much. Following lengthy discussion on the revised text, Members agreed to submit the text – together with some textual amendments and an understanding reached on the Decision on duty-free and quota-free market access for LDCs in sub-paragraph (a)(ii) of Annex F – to the formal Plenary meeting of the Ministerial Conference for adoption under Item 4 of the Conference Agenda.

## Results of the Sixth Session

In the course of the Conference, on 15 December, Ministers met to formally conclude the WTO accession procedure for the Kingdom of Tonga by approving the results of the negotiations with that Government which constituted the terms of entry of Tonga into the WTO. In keeping with WTO rules, Tonga will become a Member of the WTO 30 days following its ratification of the Protocol of Accession, and thereby the fourth Pacific Island state to join the WTO. The conclusion of this accession process represents an important step in the integration of this region into the global trading system, and signals a further move towards universality in the WTO's membership and an increase in the depth and diversity of the organization.

Also, at the closing session of the Conference on 18 December, Ministers met to adopt a draft Ministerial Declaration that had emerged from the intensive process of meetings over the previous days. Prior to consideration of the draft Declaration, the Chairman recalled, in connection with Agenda Item 2(b) of the Conference Agenda concerning the EC banana regime, that he had requested Minister Støre of Norway to act as Facilitator on this matter and to reflect with interested delegations on possible next steps. Minister

Støre reported to the Conference that based on his consultations, and although the views and positions among the countries concerned varied, he had detected a broad interest among the Latin American MFN nations to engage in discussions and negotiations with the European Commission on the banana issue. Against this background, he had proposed to the Latin American MFN Members and the EC the establishment of a framework for political dialogue, analysis and negotiations on the banana issue. Upon request, he had accepted to commit Norway to offer its good offices in the structuring of this framework. The role of Norway's good offices would be to convene and chair meetings and generally facilitate communications and negotiations, as well as to build trust among the parties, with a view to facilitating mutually agreeable solutions to this very sensitive issue. The parties' involvement in this framework was without prejudice to Members' procedural and substantive rights and obligations under the WTO. He had also listened extensively to the views and concerns of the ACP countries with an interest in the banana issue, and had noted that the European Commission stood ready to undertake close dialogue also with this group of WTO Members. He intended, on behalf of Norway, to invite the interested parties to a first session of this framework, and it would be up to the Members to consider this invitation. Ministers noted that Minister Støre would continue to act as Facilitator and offer his good offices on this important matter following the Ministerial Conference.

Finally, Ministers considered the draft Ministerial Declaration, taking note of certain textual amendments agreed in informal consultations and of an understanding regarding the duty-free and quota-free decision in regard to LDCs in sub-paragraph (a)(ii) of Annex F of that text. Ministers then adopted the Declaration, and duly noted statements made by delegations at the Heads-of-Delegation meeting expressing reservations. As summed up by the Conference Chairman and the Director-General, by their actions, Ministers at Hong Kong had put the Doha Round back on track, given it a new sense of urgency, and achieved a quantitative and qualitative improvement, even if modest, in the negotiations. Not only did the package of development issues that Ministers had helped deliver at the Conference represent a significant advance, but significant advance had also been made across a broad front, and a clear road map had been drawn up for negotiations leading to the conclusion of the Round. The new political energy evident at Hong Kong was much needed for the immediate tasks ahead starting very early in 2006.

## II. The Doha Development Agenda (DDA)

### Work of the General Council on the Doha Development Agenda Work Programme Implementation-related issues and concerns

**Agriculture** The Committee on Agriculture received a mandate by the General Council to follow-up on three implementation-related issues. The first issue concerns the examination of possible means of improving the effectiveness of the implementation of the Marrakesh Ministerial Decision on Measures concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (NFIDC Decision). In this context, the Committee further considered a proposal by the WTO African Group calling for new mechanisms to address import financing difficulties of the least-developed and net food-importing developing countries. The Committee is to submit recommendations to the General Council concerning this matter by July 2006. The second implementation issue provides that Members shall ensure that their tariff rate quota regimes are administered in a transparent, equitable and non-discriminatory manner. In accordance with a decision taken by the General Council, Members with tariff quota commitments in their Schedules are required to provide supplementary notifications to the Committee on Agriculture to ensure that tariff quota regimes benefit all, particularly the developing countries. The relevant notifications submitted in this context continued to be systematically reviewed by the Committee. The third implementation issue relates to Article 10.2 of the Agreement on Agriculture concerning the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes. This implementation issue and relevant aspects of the NFIDC Decision are now essentially being addressed in the agriculture negotiations, although it remains a standing item on the Committee's agenda.

**Sanitary and phytosanitary measures** The SPS Committee completed its work on the implementation of the provisions on equivalence, with the adoption of revised guidelines. Equivalence remains a standing agenda item at regular meetings of the SPS Committee, and

Members are invited to report on their experiences in this regard. As mandated in Doha, the Committee also completed its second review of the operation and implementation of the SPS Agreement, considering in particular issues raised for consideration by Members. The Committee submitted a detailed report on the review to the Council for Trade in Goods in June, and agreed to continue work on issues identified during the review. With respect to the provision of technical assistance by Members, at each of its regular meetings the Committee considered information from Members regarding their technical assistance needs and programmews. In addition, the Committee was kept informed of the continued coordination between the WTO and other organizations to assist the effective participation of least-developed countries in the work of standard-setting bodies, and to coordinate on technical assistance. In 2005, the Standards and Trade Development Facility provided an active mechanism for increased coordination among the five partner organizations.

**Trade-related investment measures** Pursuant to the General Council's decision of 1 August 2004 and at the request of the Director-General to assist him in his consultations on the outstanding implementation issues under Paragraph 12(b) of the Doha Ministerial Declaration, throughout 2005 the Committee on Trade-Related Investment Measures held a number of formal meetings and informal consultations to continue discussions on the implementation issues related to the TRIMs Agreement as contained in tirets 37 through 40 of document JOB(01)/152/rev.1, and in a related proposal by Brazil and India under tiret 40 (G/TRIMS/W/25). In addition, at its regular meeting in July 2005, the Committee considered an informal document submitted by Brazil and India concerning the flexibilities left in the TRIMs Agreement for developing countries (JOB(05)/149).

**Technical barriers to trade** The TBT Committee continued to develop its approach to technical assistance. On 21 March 2005, a TBT Workshop on Supplier's Declaration of Conformity (SDoC) was held.<sup>2</sup> The Workshop provided opportunity for delegations to exchange information and experiences on the use of SDoC – which is one element of the TBT Committee's broader work programme on conformity assessment. A summary report of the Workshop is contained in Annex 1 of document G/TBT/M/35. In November 2005, the Committee adopted a Format for the Voluntary Notification of Specific Technical Assistance Needs and Responses (G/TBT/16). This implemented an earlier decision by the Committee to increase transparency in the identification and prioritization of technical assistance needs. The format is to be used on a trial basis for two years.

**Trade-related aspects of intellectual property rights (TRIPS)** Pursuant to paragraph 2 of the Decision on Implementation of Article 66.2 of the TRIPS Agreement (IP/C/28), the Council took up, at its meeting in October, the third annual review of developed country Members' reports on their implementation of Article 66.2. The Council had adopted this Decision in February 2003, giving effect to the instruction of the Doha Ministerial Conference in paragraph 11.2 of the Decision on Implementation-Related Issues and Concerns to put in place a mechanism for ensuring the monitoring and full implementation of the obligations in question.

Paragraph 11.1 of the Doha Decision on Implementation-Related Issues and Concerns directed the TRIPS Council to continue its examination of the scope and modalities for complaints of the types provided for under subparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994 and make recommendations to the Fifth Session of the Ministerial Conference. Ministers had agreed that, in the meantime, Members would not initiate such complaints under the TRIPS Agreement. In the light of the decision on the Doha Work Programme adopted by the General Council on 1 August 2004, the Council continued its discussion of this issue. At its October meeting, it considered in particular what kind of recommendation it could provide to the Hong Kong Ministerial Conference. In concluding the discussion, the Chair noted that the Council was not in a position to make any recommendations at that stage.

As regards TRIPS outstanding implementation issues, during the first half of the year, Deputy Director-General Francisco Thompson-Flôres held, at the request of the Director-General, technical level consultations on issues related to extension of the protection of geographical indications provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits, and the Chairman of the TRIPS Council, Mr. Tony Miller, acting as a Friend of the Director-General, held dedicated consultations on the relationship between the TRIPS Agreement and the CBD as an outstanding implementation issue. In the autumn, Deputy Director-General Rufus Yerxa held further dedicated consultations on these matters on behalf of the Director-General.

## Agriculture (DDA Paragraphs 13 and 14)

The objective of the agriculture negotiations for much of 2005 was to complete modalities. With the agreement by the General Council of 1 August 2004, which created a Framework for Establishing Modalities in Agriculture (Annex A of WT/L/579),

<sup>2</sup> Information concerning this Workshop is available on the WTO website..

the negotiations became more focussed and more intense. During 2005, open-ended meetings, to which all participants (that is all Members and countries in the process of accession) were invited, were held in February, March, April, May, July, September, October and November. In addition, numerous consultations took place with various groups of delegations to discuss specific issues. Outside the WTO, activity was equally intense with many meetings, often at Ministerial level, organised by various Members to discuss the Doha Development Agenda, including agriculture.

During the year, a new Chairman for the Special Session of the Committee on Agriculture took over. Ambassador Crawford Falconer of New Zealand replaced Tim Groser, the former New Zealand Ambassador, who stood down from his position as Chairman in July following his decision to stand for parliament in New Zealand's general election held in September 2005.

In late spring, the then Chairman, Mr Groser, had stated that he hoped to prepare a "first approximation" of modalities by July 2005. However, as he pointed out in his reports on the status of the negotiations (contained in TN/AG/19 of 1 August) the negotiations were not at a stage where it was possible for him to put forward a first draft or first approximation of what complete modalities might look like. In the autumn, under the new Chairman, Ambassador Crawford Falconer, the negotiations resumed. Once more, however, progress was too slow to reach a point where full modalities could be established as was made clear in the Chairman's report to the Trade Negotiations Committee (TN/AG/21 of 28 November and Annex A of the Hong Kong Ministerial Declaration). From this report, it is clear that the list of issues on which agreement looked possible appeared to be quite slim going into the Hong Kong Ministerial Conference. However, intensive efforts at the Conference, including the consultations conducted by the Facilitator for agriculture, Minister Kituyi of Kenya, and the Chairman of the Conference, Secretary John Tsang of Hong Kong, China, succeeded in delivering a significant advance towards modalities.

Overall, 2005 was a year of intense effort and considerable movement, though insufficient for full modalities. In part, this is due to the difficulties many Members have in making negotiating concessions, partly due to perceptions about the relative position of agriculture compared to other areas of the Doha Development Agenda and partly due to the complexity of the agriculture negotiations themselves. In early 2006, the Chairman issued a set of questions to be answered before the DDA could be finalized (JOB(06)/26); the total number came to 71 questions about specific issues. No doubt another author would have a slightly different number of questions but regardless of whether the correct number should be more or fewer than 71, it is clear that a lot of work needs to be done, a lot of compromises need to be made and that each issue is linked to other issues both within agriculture and elsewhere in the DDA. Of course, there is no perfect answer to any of the questions, only compromise solutions that will have to be made to complete the Round.

## Services (DDA Paragraph 15)

Pursuant to the mandate set out in paragraph 15 of the Doha Development Agenda, the Special Session of the Council for Trade in Services held four meetings in 2005. The reports of these meetings are contained in documents TN/S/M/14 (including TN/S/M/14/Suppl.1 and TN/S/M/14/Suppl.2) to TN/S/M/17. The Special Session addressed the following matters:

### **(i) Review of Progress in the Negotiations, Including Pursuant to Paragraph 15 of the Guidelines for Negotiations**

As agreed in July 2002, the Council continued to include this standing item on its agenda as a means to promote transparency and allow the Special Session to fulfill its function as the body overseeing the negotiations. In addition, Members are provided with an opportunity to raise issues of concern that might emerge in consultations and to communicate their views on progress in the negotiations. Substantive discussions under this item were held at all meetings in 2005. Among other matters, Members presented, and responded to, initial and revised offers, reported on bilateral consultations, updated the Council on work being conducted in some 'friends' groups, reiterated negotiating interests in terms of market access and rules, explained their expectations in the current Round, and provided their assessment of the state-of-play.

As mandated by the Doha Work Programme of July 2004, the Council held a meeting in October and November 2005 to review progress in the services negotiations and discuss a draft Ministerial text on services for the Sixth Ministerial meeting in Hong Kong. The draft text was attached to the Chairman's report to the Trade Negotiations Committee (TN/S/23).

## **(ii) Proposals Relating to the Negotiations under Article XIX of the GATS**

As has been the case since June 2002, the Council's discussion under this item was structured according to the negotiating proposals received. In 2005, more than 30 such proposals were submitted to the Special Session on a number of services sectors, modes of supply, and horizontal issues such as the GATS' potential benefits for small- and medium-sized enterprises. Members held substantive discussions on the basis of these proposals.

## **(iii) Assessment of Trade in Services**

Article XIX:3 of the GATS mandates that the Council carry out an assessment of trade in services in overall terms and on a sectoral basis, with reference to the objectives of the Agreement, including those set out in Article IV:1. The assessment of trade in services figures as a standing item on the agenda of the Special Session, in keeping with the Guidelines and Procedures for the Negotiations on Trade in Services (S/L/93).

At the meeting of September 2005, the International Organization for Migration, the World Bank and the WTO Secretariat elaborated on the report of a "Trade and Migration" seminar held in November 2004. Substantive discussions also resulted from a presentation by Rwanda on its recent experience with trade in services.

## **(iv) Implementation of the Modalities for the Special Treatment for Least-Developed Country Members in the Trade in Services Negotiations**

Under this agenda item, the Council held substantive discussions on the basis of a document from the LDC Group and a communication from the European Communities. Particular emphasis has been placed on developing mechanisms for according special priority to sectors and modes of interest to LDCs in accordance with Article IV:3 of the GATS. In their submission, the LDC Group has singled out paragraphs 6, 7, 8, and 9 of the Modalities for the Special Treatment for LDCs and has raised specific questions related to their implementation. The communication from the European Communities seeks to answer these questions.

## **(v) Consideration of Proposals on Special and Differential Treatment Provisions**

This item has been on the Council's agenda since its last meeting of 2004. The Council held a discussion on the basis of a document submitted by Rwanda on behalf of the African Group. Following the General Council Decision of 1 August 2004, the Chairman of the Special Session of the Council for Trade in Services provided a report to the General Council on this matter, contained in TN/S/21.

## **(vi) Reports by the Chairman to the Trade Negotiations Committee**

Subsequent to each meeting of the Special Session of the Council for Trade in Services, the Chairman reported to the Trade Negotiations Committee. These reports are circulated in documents TN/S/19, TN/S/19/Suppl.1, TN/S/20, TN/S/22, and TN/S/23. The latter report, dated 28 November 2005, has two annexes; one contains the draft Ministerial text on services for the Sixth Ministerial Conference in Hong Kong, the second lists the sectoral and modal objectives as identified by Members.

## **(vii) Committee on Trade in Financial Services**

The Committee held three formal meetings in 2005; the reports are contained in WTO documents S/FIN/M/48 to 50. The annual report of the Committee to the Council for Trade in Services is contained in WTO document S/FIN/14. The Committee continued monitoring the acceptance of the Fifth Protocol to the GATS, which has not yet been ratified by Brazil, Jamaica, and the Philippines. Members also considered a communication from Brazil on electronic commerce and financial services (Job(05)/103), which aims to revisit the distinction between modes 1 and 2 in the case of cross-border financial transactions conducted through electronic means. In addition, Egypt made a presentation on recent developments in its capital market. At the meeting held on 23 June 2005, Members addressed a communication by Australia, Bahrain, Canada, Chinese Taipei, the European Communities, Japan, Norway, Oman, Panama, Singapore, Switzerland, and the United States on the liberalization of financial services (TN/S/W/43). Finally, at the last meeting of the year, the Committee carried out the fourth transitional review of the implementation by China of its WTO commitments and, pursuant to section 18 of the Protocol of Accession, of the related provisions of this Protocol (WT/L/432). The relevant report by the Committee to the Council for Trade in Services is contained in document S/FIN/15.

## **(viii) Committee on Specific Commitments**

The Committee on Specific Commitments (CSC) is mandated to oversee the implementation of services commitments and the application of the procedures for the

modification of schedules. In pursuit of its mandate, the Committee seeks to improve the technical accuracy and coherence of schedules of commitments and lists of MFN exemptions. With a view to facilitating the current Round of negotiations, discussions have focused on questions related to the classification of services and the scheduling of commitments.

During the period under consideration, the Committee held three formal meetings; the reports of these meetings are contained in documents S/CSC/M/36-38. The Committee addressed classification proposals on energy services, telecommunication services, and legal services. Further, it examined classification issues across all service sectors in an informal work programme. In the area of scheduling of specific commitments, the Committee continued with its examination of technical questions.

The Committee's Annual Report to the Council for Trade in Services is contained in document S/CSC/11 of 23 September 2005.

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#### **(ix) Working Party on GATS Rules**

The Working Party on GATS Rules is mandated to carry out negotiations on emergency safeguard measures (GATS Article X), government procurement (Article XIII) and subsidies (Article XV).

In 2005, the Working Party held three formal meetings; the reports are contained in documents S/WPGR/51 to S/WPGR/53. The annual report of the Working Party to the Council for Trade in Services is contained in document S/WPGR/15. Delegations pursued their examination of issues related to the question of emergency safeguard measures. Different views continued to be expressed regarding the desirability and feasibility of an emergency safeguard mechanism. On government procurement, discussions focused on proposals from the European Communities for a framework under the GATS for government procurement in services. Delegations continued to hold divergent views, however, on whether the negotiating mandate in Article XIII encompasses market access issues. Concerning subsidies, the Working Party pursued its consideration of issues related to the information exchange foreseen in Article XV, as well as to the definition of subsidy.

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#### **(x) Working Party on Domestic Regulation**

The Working Party on Domestic Regulation (WPDR) is mandated to develop disciplines to ensure that measures relating to licensing requirements and procedures, qualification requirements and procedures and technical standards do not constitute unnecessary barriers to trade in services. It also assumed the mandate of the former Working Party on Professional Services, including developing general disciplines for professional services. The WPDR held four formal meetings and several informal meetings in 2005. The reports of the formal meetings are to be found in documents S/WPDR/M/29 to 32. The Annual Report of the Working Party to the Council for Trade in Services is contained in document S/WPDR/8.

In 2005, the negotiations on regulatory disciplines under Article VI:4 of the GATS gained momentum with the submission of several formal and informal papers by Members.<sup>3</sup> Members re-stated on various occasions their commitment to disciplines on domestic regulation in the Working Party by the end of this Round of negotiations, without prejudice to horizontal or sector specific approaches.

Until the formal meeting of 22 June 2005, the discussions on Article VI:4 regulatory disciplines in the WPDR were organized on a proposal-by-proposal basis; at the informal meeting held on 6 and 7 September 2005 Members began discussing the elements contained in the proposals on a thematic basis, based on a framework proposed by the Chairman. The themes put forward by the Chairman for these thematic discussions were: Licensing Requirements; Licensing Procedures; Qualification Requirements; Qualification Procedures; Technical Standards; Transparency; Objectives; Scope; Application; Definitions; and Development Considerations (including S&D and Technical Assistance) with regards to the above items.

### **Special Session of the Council for TRIPS (DDA Paragraph 18)**

The negotiations mandated under Article 23.4 of the TRIPS Agreement and paragraph 18 of the Doha Declaration (establishment of a multilateral system of notification and registration of geographical indications for wines and spirits) are conducted in the Special Session of the Council for TRIPS. The Special Session pursued, in formal meetings and informal consultations, its work under the chairmanship of Ambassador Manzoor Ahmad (Pakistan) in the light of the decision on the Doha Work Programme adopted by the General Council on 1 August 2004. The work in 2005 was characterized by an enhanced level of activity, with the tabling of two new submissions spelling out in legal form proposals for a multilateral system: the Joint Proposal of Argentina, Australia, Canada, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Mexico,

<sup>3</sup> A list of proposals submitted to date by Members in the WPDR on the development of regulatory disciplines under Article VI:4 of the GATS is contained in document JOB(05)/280, dated 15 November 2005.

New Zealand, Paraguay, Chinese Taipei and the United States in TN/IP/W/10 and Add.1; and the European Communities' proposal, contained in the Annex set out in TN/IP/W/11. Discussion of these two submissions, as well as of the earlier one of Hong Kong, China in Annex A of TN/IP/W/8, took place with the aid of a Secretariat document (TN/IP/W/12), which set them out side by side. Despite the active engagement of delegations and the detailed discussion of the proposals, important differences remained, in particular on two key issues: the extent to which legal effects at the national level should be consequent on the registration of a geographical indication for a wine or a spirit in the system; and the question of participation, including whether any legal effects under the system should apply in all WTO Members or only in those opting to participate in the system. The Special Session also discussed a range of other points, including questions of costs and administrative burdens for WTO Members, in particular for developing countries. The Chairman's report on the work done in 2005 is contained in TN/IP/14. Ministers in Hong Kong took note of this report and agreed to intensify the negotiations in order to complete them within the overall time-frame for the conclusion of the negotiations that were foreseen in the Doha Ministerial Declaration (paragraph 29 of the Hong Kong Ministerial Declaration).

## WTO Rules (DDA Paragraphs 28 and 29)

*Doha Declaration Paragraph 28: In the light of experience and of the increasing application of these instruments by Members, we agree to negotiations aimed at clarifying and improving disciplines under the Agreements on Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these Agreements and their instruments and objectives, and taking into account the needs of developing and least-developed participants. In the initial phase of the negotiations, participants will indicate the provisions, including disciplines on trade distorting practices, that they seek to clarify and improve in the subsequent phase. In the context of these negotiations, participants shall also aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries. We note that fisheries subsidies are also referred to in paragraph 31.*

*Doha Declaration Paragraph 29: We also agree to negotiations aimed at clarifying and improving disciplines and procedures under the existing WTO provisions applying to regional trade agreements. The negotiations shall take into account the developmental aspects of regional trade agreements."*

The Negotiating Group on Rules met with increasing intensity in 2005, holding seven meeting clusters on anti-dumping and subsidies & countervailing measures including fisheries subsidies ("AD/SCM"), and on RTAs, during the course of the year. While some submissions to the Group continued to be circulated as unrestricted documents in the TN/RL/W... series, an increasing number of submissions were circulated to the Group as unrestricted documents in the TN/RL/GEN/... series.

*Anti-Dumping and Subsidies and Countervailing Measures, including Fisheries Subsidies.* With respect to this area of the Group's mandate, the work of the Group continued to advance in 2005. Participants' submitted sixty-five informal elaborated proposals during the course of the year, and these proposals were increasingly in the form of concrete textual proposals containing specific legal drafting for the changes sought. The proposals were reviewed in an intensive series of informal plenary meetings, and many were also the subject of intensive plurilateral consultations convoked by the Chairman of the Group. In addition, a Technical Group was established to examine possibilities for developing a standardized anti-dumping questionnaire with the view to reducing costs and increasing predictability for investigating authorities and exporters.

The Ministers at Hong Kong reviewed the progress of the Group in this area and gave it clear direction as to how to proceed with its work. Specifically, Ministers "*direct[ed]* the Group to intensify and accelerate the negotiating process . . . and complete the process of analysing proposals by Participants on the AD and SCM Agreements as soon as possible." They further "*mandate[d]* the Chairman to prepare, early enough to assure a timely outcome within the context of the 2006 end date for the Doha Development Agenda and taking account of progress in other areas of the negotiations, consolidated texts of the AD and SCM Agreements that shall be the basis for the final stage of the negotiations."

*Regional Trade Agreements.* The negotiations on WTO's disciplines and procedures on regional trade agreements (RTAs) continued to be very active in 2005. In the area of RTAs Transparency, the Group has been engaging in text-based negotiations on a "Transparency Mechanism" for RTAs on the basis of several informal notes by the Chair. The considerable progress made in this area underscores the interest shared by all participants in enhancing the transparency of all RTAs. The discussion of RTA systemic issues has also attracted

increasing interest by participants; several meetings were devoted to consider proposals submitted by Participants on, among others, "substantially all the trade", "length of RTAs transition periods" and "RTAs development dimension". Notwithstanding the highly technical discussions held on these issues, the debate has remained exploratory in nature and severe differences persist on the scope and substance of these specific negotiations.

Ministers at Hong Kong acknowledged that both RTAs' transparency and WTO disciplines on RTAs are of systemic interest to Members and reiterated their commitment to these negotiations as mandated by the Doha Ministerial Declaration. Specifically, they instructed the Group to intensify its efforts with a view to a provisional decision on RTAs' transparency by 30 April 2006 and appropriate outcomes on RTA systemic questions by end 2006.

## Trade and environment (DDA Paragraphs 31-33)

31. *With a view to enhancing the mutual supportiveness of trade and environment, we agree to negotiations, without prejudging their outcome, on:*

- (i) *the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs). The negotiations shall be limited in scope to the applicability of such existing WTO rules as among parties to the MEA in question. The negotiations shall not prejudice the WTO rights of any Member that is not a party to the MEA in question;*
- (ii) *procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, and the criteria for the granting of observer status;*
- (iii) *the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.*

*We note that fisheries subsidies form part of the negotiations provided for in paragraph 28.*

32. *We instruct the Committee on Trade and Environment, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to:*

- (i) *the effect of environmental measures on market access, especially in relation to developing countries, in particular the least-developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development;*
- (ii) *the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights; and*
- (iii) *labelling requirements for environmental purposes.*

*Work on these issues should include the identification of any need to clarify relevant WTO rules. The Committee shall report to the Fifth Session of the Ministerial Conference, and make recommendations, where appropriate, with respect to future action, including the desirability of negotiations. The outcome of this work as well as the negotiations carried out under paragraph 31(i) and (ii) shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of Members under existing WTO agreements, in particular the Agreement on the Application of Sanitary and Phytosanitary Measures, nor alter the balance of these rights and obligations, and will take into account the needs of developing and least-developed countries.*

33. *We recognize the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the least-developed among them. We also encourage that expertise and experience be shared with Members wishing to perform environmental reviews at the national level. A report shall be prepared on these activities for the Fifth Session.*

The Committee on Trade and Environment's work programme spans a broad range of issues including goods, services and intellectual property rights.<sup>4</sup> Its origins and the terms of reference can be found in the 1994 Marrakesh Decision on Trade and Environment.

The mandate of the CTE is two-fold:

- "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".

Since the Doha Ministerial Conference in November 2001, work has split into two separate tracks: (i) the negotiating track (Paragraph 31 of the Doha Ministerial Declaration) conducted in the Committee on Trade and Environment in special session (CTESS), and (ii) regular work conducted in the Committee on Trade and Environment in regular session (CTE Regular).

<sup>4</sup> The 10 items of the CTE work programme are listed on the WTO website.

## Negotiations (CTESS)

In 2005, the CTESS continued to pursue the three different components of its mandate; Paragraphs 31(i), 31(ii) and 31(iii), as presented above. Under Paragraph 31(i), the Committee addressed its work through two previously established approaches: first, the process of national experience-sharing continued – with various Members submitting to the CTESS their experience in the negotiation and implementation of trade measures in multilateral trade agreements (MEAs); second, references were made by a small number of delegations to the idea, raised earlier, of exploring adoption of certain “governance principles” to govern the WTO-MEA relationship. Under Paragraph 31(ii), Members continued consideration of different avenues for enhancing cooperation and information exchange between the WTO and environmental organizations, and continued as well consideration of various criteria for the granting of observer status.

The mandate in Paragraph 31(iii) calls for negotiations on *“the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services”*. Different approaches to Paragraph 31(iii) negotiations have emerged from the submissions made to date. In the initial phase of the negotiations, discussions in the CTESS, based on submissions by a number of Members, revolved around the identification of environmental goods. In this regard, by November 2005 nine Members (Canada, the European Communities, Japan, Korea, New Zealand, Qatar, Switzerland, Chinese Taipei and the United States), had tabled submissions containing lists of environmental goods. Another approach, the “Environmental Project Approach”, was put forward by India in early 2005 and further elaborated in a series of submissions by India throughout 2005. Under this approach, environmental goods and services would be included in a project to be approved by a Designated National Authority (DNA); if approved, the goods and services included in the project would qualify for specified concessions for the duration of the project. A further “Integrated Approach” was set out in a submission by Argentina in October 2005; this approach sought to bring together elements from all proposals submitted thus far. Throughout 2005, in both formal and informal settings, CTESS engaged in concentrated and detailed discussions of the different approaches and possibilities for identifying common ground between these approaches, especially in the period leading to the Hong Kong Ministerial Conference. Other inputs into the Committee’s work included contributions focusing on developing countries’ interests in the negotiations.

## Regular Work (CTE Regular)

In pursuance of the mandates from Ministers in Doha, the CTE restructured its work so as to better reflect priorities identified. Paragraph 32 of the Doha Ministerial Declaration (DMD) instructs the CTE, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to:

- the effect of environmental measures on market access, especially in relation to developing countries, in particular the least-developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development;
- the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights; and
- labelling requirements for environmental purposes.

During the three regular meetings held in 2005, each of these items were discussed. Particular attention was given to market access issues and how to move forward the discussion in a structured way in the format of national experience-sharing. In this respect, outcomes and recommendations from a number of relevant workshops and case studies were presented. Regarding sector analysis, inputs were provided on the issue of illegal logging.

The CTE continued its analysis of other items on its work programme. Regarding Item 4 on transparency of trade measures used for environmental purposes, discussions were held including on the basis of a note prepared by the Secretariat on Environmental Database for 2002; this note listed environment-related measures or provisions notified under WTO agreements in 2002 as well as environment-related measures, provisions or programmes mentioned in the Trade Policy Reviews in 2002.

The CTE discussed technical assistance and capacity building pursuant to the DMD (Paragraph 33 of the DMD recognizes the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the least-developed among them). Also, as part of continued provision of trade and environment-related technical assistance, the Secretariat organized in 2005 three regional seminars for government officials from developing and least-developed countries. These

seminars were held in the Philippines (for Asian and Pacific Economies), Dominican Republic (for Latin America and the Caribbean), and Vienna (for Central and Eastern Europe, Central Asia and the Caucasus), and also included participation variously by UNEP, UNCTAD and a number of MEAs. The objectives of the seminars were to raise awareness of the linkages between trade, environment and sustainable development, and to encourage and enhance dialogue between trade and environment policy-makers in WTO Members and acceding governments. Topics covered included trade and environment-related issues, rules of the WTO, and specific concerns of the respective regions. Paragraph 33 of the DMD also encourages the sharing of expertise and experience on national environmental reviews; a number of Members informed the CTE of their experience in this respect. Relevant information was also provided by various observer organizations.

Regarding sustainable development (Paragraph 51 of the DMD), Ministers agreed in Doha that the CTE and the Committee on Trade and Development (CTD) shall, within their respective mandates, each act as a forum to identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected. In 2005, at the request of Members in the CTE, a WTO Workshop on Sustainable Development within the Framework of Paragraph 51 of the DMD was organised by the Secretariat. The Workshop provided opportunity for Members further to reflect on the meaning of sustainable development issues in the context of the WTO and to deepen their understanding of the developmental and environmental dimensions of selected items of the Doha Work Programme. The event drew on the contribution of representatives from various international organizations and other professionals with expertise on the specific issues addressed. Following the Workshop, and based on updates provided by the Secretariat with respect to environment-related issues in the negotiations of Agriculture, NAMA, WTO Rules and Services, discussions were held in the CTE.

## Trade, Debt and Finance

Under the Chairmanship of Ambassador Kweronda Ruhemba (Uganda); the Working Group met three times in 2005. Its work consisted of continuing the examination of remaining themes: better coherence in the design and implementation of trade-related reforms and monitoring; the interlinkages between external liberalization and internal reforms; trade liberalization as a source of growth; the importance of market access and the reduction of other trade barriers in the DDA negotiations; and external financing, commodity markets and export diversification. Communications from the ACP Group and Argentina were also submitted to the Working Group.

In its Report to the Sixth Ministerial, Members recommended that the Working Group continue the examination of the relationship between trade, debt and finance, and of any possible recommendations on steps that might be taken within the mandate and competence of the WTO to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of external indebtedness of developing and least-developed countries, and to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability.

## III. WTO accession negotiations

The period covered by this report was a busy one for accessions with the Working Parties on the Accession of the Saudi Arabia and Tonga concluding their work. The accession package of Saudi Arabia was formally adopted by the General Council on 11 November 2005. Following ratification, Saudi Arabia became a Member of the WTO on 11 December 2005. Ministers approved Tonga's accession package at the Hong Kong Ministerial Conference on 15 December 2005. Pending domestic ratification, Tonga will become a Member of the WTO. These accessions represent a welcome step in our shared goal of universalizing WTO membership.

WTO Membership is open to any State or customs territory having full autonomy in the conduct of its trade policies. Working Parties were established in 2005 on the accession of the Islamic Republic of Iran and Sao Tomé and Príncipe. Separate Working Parties were also established on the accession of Serbia and Montenegro respectively. As of 31 December 2005, 29 Governments were pursuing their accession to the WTO viz. Afghanistan, Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Cape Verde, Ethiopia, Iran, Iraq, Kazakhstan, Lao PDR, Lebanon, Libya, Montenegro, Russian Federation, Samoa, Sao Tomé and Príncipe, Serbia, Seychelles, Sudan, Tajikistan, Ukraine, Uzbekistan, Vanuatu, Viet Nam and Yemen.

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### Overview of work in 2005

The Trade Negotiations Committee (TNC) was established by Ministers at Doha with the specific tasks of establishing appropriate negotiating mechanisms as required and supervising the progress of the negotiations. Operating under the authority of the General Council, the TNC played a key role in preparing the groundwork for the Hong Kong Ministerial Conference, holding seven formal meetings through the course of the year as well as a number of informal meetings at the level of Heads of Delegation in the last quarter to review the state of play overall in the Doha Round and to consider how work could be taken forward across the board. In order to facilitate its oversight role, the TNC received regular reports from Chairpersons of the bodies it had established to undertake negotiations in specific subject areas, as well as from the Director-General on the latter's consultative process on all outstanding implementation issues under paragraph 12(b) of the Doha Ministerial Declaration in line with the mandate provided in the 1 August 2004 General Council Decision and renewed by the General Council in July 2005.

At its last meeting before the Ministerial Conference, the TNC received further update reports from each Chair and from the Director-General on work in their respective areas, and considered an overall draft Ministerial text that had emerged from the preparatory process both at the level of the TNC and the General Council before the text was submitted to the General Council for further consideration and subsequent transmittal to Ministers at Hong Kong. In reporting on the discussions at the TNC to the December meeting of the General Council, the TNC Chair said that a revised draft Ministerial text that had emerged from both the TNC's discussions and the subsequent intensive consultations conducted by the General Council Chairman and himself was robust enough to serve Ministers as a platform from which to launch a successful concluding year for the DDA. It was at the same time a fair and honest mirror of the prevailing situation based on the bottom-up approach to developing text that had been the guiding principle of the process, which would continue to be followed. The Chair reported that consultations had also been held on the formulation of a number of basic questions in key areas that might be useful to Ministers, which he and the General Council Chair intended to convey to the Chair of the Ministerial Conference for use as appropriate. It was delegations' collective responsibility to provide Ministers at Hong Kong with an objective, balanced and lucid evaluation of the current situation of negotiations that would allow them to take well-informed decisions, and the Chair appealed to all to make the best of this unique opportunity to help achieve a strengthened, improved and fairer multilateral trading system.

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### Work on implementation-related issues and concerns

The TNC continued its work on the outstanding implementation-related issues and concerns that it had started in 2002. In keeping with the mandate provided to the Director-General in the 1 August 2004 General Council Decision, the Director-General continued with his consultative process on all outstanding implementation issues under paragraph 12(b) of the Doha Ministerial Declaration, including on issues related to the extension of the protection of geographical indications (GIs) provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits. This process was without prejudice to the positions of Members. During the period January to July 2005, the work continued on two tracks. The first track covered all outstanding paragraph 12(b) implementation issues with the exception of the GI extension issue, in which the Chairpersons of the relevant WTO conducted consultations as Friends of the Director-General on the latter's request and behalf. The second track covered the GI extension issue, with a Deputy Director-General conducting technical-level consultations on the Director-General's request and behalf.

As requested in the 1 August 2004 Decision, the Director-General submitted reports to the May 2005 meetings of the TNC and General Council. He suggested that his consultative process be continued, and further reports submitted to the July meetings of these two bodies, with the aim of moving ahead wherever possible in order that the General Council might be in a position to review progress and take any appropriate action, in line with the 2004 General Council Decision. In July, the Director-General noted that the situation overall had clearly not evolved significantly since May and suggested that his successor be requested to continue the consultative processes after the summer break. At the last TNC and General Council meetings prior to the Ministerial Conference, the new Director-General reported on the consultative process he had undertaken since taking office in September, which had been carried out without prejudice to the positions of Members. He had been assisted in this task by a number of the Chairpersons of the bodies concerned acting as his Friends and by two of his Deputy Directors-General who had been

consulting on the trade-related investment measures (TRIMs) issues as well as on GIs and the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD). Overall, the situation had clearly not evolved significantly since July, although there had been a good level of engagement by all delegations in the work and some substantive results were still possible. Therefore, with the aim of ensuring that Members could fulfil the commitment they had undertaken at Doha on this issue, the draft Ministerial Text for Hong Kong proposed continuing this process and reiterated the instructions given last in August 2004 to all relevant bodies to find appropriate solutions as a priority. The Chairman said that Members would need both flexibility and creativity in their approaches to these issues if they were to be able to respect their mandate.

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## IV. Work of the General Council

The General Council (GC) is entrusted with carrying out the functions of the WTO, and taking actions 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. During the period under review, the work of the General Council included the following:

### Work in relation to the Doha Development Agenda

Ministers at Doha in November 2001 – in agreeing to a broad and balanced work programme for the WTO for the coming years – tasked the General Council with taking specific actions to implement elements of the work programme and to oversee their operation and progress, with progress reports submitted to the Cancún Ministerial Conference. At Cancún in September 2003, Ministers instructed that their officials continue working on outstanding issues, and that this work be coordinated by the General Council Chairman, in close cooperation with the Director-General, with the aim of taking the action necessary by December 2003 to enable Members to move towards a successful and timely conclusion of the negotiations. In their report to the General Council in December 2003, the Chairman and the Director-General identified key issues for further work and recommended that all WTO bodies should resume their work on these and other issues under the DDA early in 2004. As Members restarted work in 2004 across the breadth of the DDA, there emerged a widely-shared understanding that their work in the first half of the year should result in an outcome by the end of July that would unlock key issues and provide momentum and direction to guide Members' work across all fronts after July. On 1 August 2004, following intensive negotiations, the General Council adopted a Decision on the Doha Work Programme, putting in place framework agreements for the negotiations on agriculture – including cotton – and non-agricultural market access.<sup>5</sup> Members also agreed on a package of development issues, and took a decision to begin negotiations on trade facilitation and that the other three "Singapore" issues would not be negotiated during this Round. Members further agreed to continue the negotiations beyond the timeframe of 1 January 2005 set in the Doha Ministerial Declaration, and that the next Ministerial Conference would be held in Hong Kong, China in December 2005.

In accordance with these mandates, the General Council in 2005, as part of its overall review and oversight function, continued to keep under regular review the work of the Trade Negotiations Committee under a standing item on its agenda, and also received regular reports from the Director-General on his consultative process on all outstanding implementation issues under paragraph 12(b) of the Doha Declaration as requested by Members in the 1 August 2004 Decision. Furthermore, as a follow-up to the provisions of that Decision regarding the sectoral initiative on cotton, the General Council in December received a further report by the Director-General on the development assistance aspects of cotton.

As part of specific actions to follow up on the Doha Work Programme, the General Council in December – noting the instruction of Ministers at Doha to the Council for TRIPS to find an expeditious solution to the problem of the difficulties that WTO Members with insufficient or no manufacturing capacities in the pharmaceutical sector could face in making effective use of compulsory licensing under the TRIPS Agreement – considered and approved a proposal to amend the TRIPS Agreement submitted by the Council for TRIPS. The proposed amendment will make permanent a decision on patents and public health originally adopted in August 2003, which made it easier for poorer countries to obtain cheaper generic versions of patented medicines by setting aside a provision of the TRIPS Agreement that could hinder exports of pharmaceuticals manufactured under compulsory licences to countries that are unable to produce them. In keeping with WTO provisions, the

<sup>5</sup> See WTO document WT/L/579.

proposed amendment, which is open for acceptance by WTO Members until 1 December 2007, will come into effect when it is ratified by two-thirds of Members. The waiver Decision of August 2003 will apply until then.

In keeping with the framework and procedures agreed in March 2002 for the conduct of the Work Programme on Small Economies provided for in the DDA, the General Council also reviewed the progress of work in this area under a standing item on its agenda. The substantive work relating to this work programme is undertaken in dedicated sessions of the Committee on Trade and Development. Also, under institutional arrangements agreed in October 2002 for the Work Programme on Electronic Commerce – namely, that the Councils for Trade in Services, Trade in Goods and TRIPS, and the Committee on Trade and Development would examine and report to the General Council on aspects of electronic commerce relevant to their respective areas of competence, and that the General Council would play a central role in the entire process, keep the work programme under continuous review and consider any trade-related issue of a cross-cutting nature – the General Council in 2005 held a further Dedicated Discussion on cross-cutting issues related to electronic commerce. In December, the Council considered the state-of-play in the work programme on the basis of reports from the Chairs of the bodies concerned on their examination of aspects of electronic commerce related to their areas of work.

With regard to the review of special and differential treatment provisions in WTO Agreements – which Ministers at Doha mandated should be reviewed with a view to strengthening them and making them more precise, operational and effective – the General Council continued to keep under review the work carried out by the Committee on Trade and Development in Special Session, as well as that by other WTO bodies to whom a number of specific proposals had been referred by the Chair of the General Council in 2003. On the Harmonization Work Programme in the rules of origin area, in view of the technically complex and politically important issues that remain to be considered, the General Council agreed to extend to July 2006 the deadline for completion of negotiations on core policy issues. Work on these issues is continuing in consultations conducted by the Chairman of the Committee on Rules of Origin, at the request and on behalf of the General Council Chair. Following resolution of the core policy issues, the WTO Committee on Rules of Origin will complete the remaining technical work by 31 December 2006.

## Preparations for the Sixth Session of the Ministerial Conference

As part of preparations for the Sixth Session of the Ministerial Conference at Hong Kong, China, the General Council in May 2005 took decisions regarding the attendance of observers, as well as the attendance of NGOs at the Session. In July, the General Council formally elected the Chairperson and Vice-Chairs for the Session. In December, the General Council Chair as well as the Chair of the Ministerial Conference advised delegations about arrangements for meetings at the Ministerial Conference with a view to providing them with an overall view of the organization of work at Hong Kong, both in the formal meetings and the informal consultative process that would be undertaken by the Ministerial Conference Chairman. Also in preparation for the Sixth Session, the General Council considered and forwarded to Ministers at Hong Kong reports from all of the relevant WTO bodies on matters under the Doha Development Agenda (DDA), as well as annual reports from the General Council and subsidiary bodies.

Discussion on the substantive matters to be taken up at the Session was conducted in the TNC, relevant negotiating groups and other WTO bodies, as well as in consultations undertaken by the General Council Chairman and Director-General, and consultations facilitated by those whom the Council Chair and Director-General requested to take on such roles. As the General Council Chair made clear in October, all were committed to following a “bottom-up” approach in the preparation of any text – meaning that it would be built step-by-step on the basis of evolving convergence among negotiators – with the aim of developing concise, operational texts on the principle that nothing would be included unless it attracted a sufficient degree of support across the board. The Chairman and the Director-General also indicated that they would ultimately need to bring together all the work being undertaken in the various bodies across the whole scope of the DDA, ensuring a smooth transition between a vertical approach by subject and a more integrated approach, in close cooperation with all the Chairpersons, with the aim of arriving at a draft consolidated text by mid-November.

On the basis of these various streams of work, a first overall draft text for Hong Kong was put to Members for consideration on 26 November as a platform for further, more intensive work through to the end of the month. Following the circulation of this text, the Chairman and Director-General arranged a further process of consultations in order to facilitate Members’ efforts to resolve outstanding issues and move towards agreement on a final text, with the aim of leading up to a General Council meeting at the beginning

of December. A revised draft text was subsequently considered at a meeting of the TNC at the end of November, and a further revised text by the General Council in early December. The Chairman, presenting the revised draft text to the General Council for consideration, said that it was a faithful reflection of the current situation, and although no one was completely satisfied with it, the text nevertheless reflected substantial progress overall since the 1 August 2004 General Council Decision. The Chairman and the Director-General could only urge all to further work on it at Hong Kong with a view to improving on it. After lengthy discussion, Members in the General Council agreed to transmit the draft text with a few modifications for the consideration of Ministers at the Sixth Session.

## Appointment of a new Director-General

An important part of the General Council's work in the first few months of the year was the selection and appointment of a new Director-General to succeed Dr. Supachai Panitchpakdi, whose term of office expired on 31 August 2005. In keeping with agreed procedures for appointment of Directors-General<sup>6</sup>, a process to appoint a new Director-General was started on 1 December 2004 with a notification from the General Council Chair to the membership. The process, leading up to the decision by the General Council, was conducted by the Chair of the General Council in consultation with Members and with the assistance of the Chairs of the Dispute Settlement Body and the Trade Policy Review Body acting as facilitators. Following the close of the one-month nomination period on 31 December 2004, the four candidates nominated by their respective Governments (Mr. Carlos Pérez del Castillo – Uruguay; Mr. Jaya Krishna Cuttaree – Mauritius; Mr. Luiz Felipe de Seixas Corrêa – Brazil; and Mr. Pascal Lamy – France) were invited to meet with Members at a formal General Council meeting held on 26 January 2005. They were also allowed a three-month period, i.e. until 31 March, to make themselves known to Members and to engage in discussions on the pertinent issues facing the Organization. In the final two months of the process, the General Council proceeded, through a series of successive consultations, to narrow the field of candidates and ultimately to arrive at its choice for appointment, with the outcome of the consultations being reported to the membership at each stage by the General Council Chair. The process was concluded with a formal General Council meeting at the end of May, at which a decision was taken to appoint Mr. Pascal Lamy as the next Director-General for a period of 4 years starting 1 September 2005.

## Non-recognition of rights under Articles XXIV and XXVIII of GATT 1994

An issue of systemic concern, first raised in December 2004, and considered by the General Council throughout 2005 without satisfactory resolution, related to the non-recognition of claims of supplying interest submitted by Honduras and Guatemala in connection with the EC's modification of its WTO concessions following the accession to the European Union of ten new member States in May 2004, as well as its negotiations regarding a tariff-only regime for bananas to enter into force on 1 January 2006. Consultations are being pursued with the aim of resolving the concerns that have been brought to the General Council's attention.

## Accessions

During the period covered by this report, the General Council considered applications from the Governments of Iran and Sao Tome and Principe for accession to the WTO Agreement, and agreed to establish working parties to examine these applications as the first step in their respective accession processes. The request from Iran had been under consideration since July 2001.

Also, on the basis of a communication from the State Union Serbia and Montenegro informing Members that the Governments of the Republics of Serbia and Montenegro possessed full autonomy in the conduct of their external commercial relations and had decided to apply individually and separately for accession to the WTO, the General Council agreed to dissolve a previously established working party on the accession of Serbia and Montenegro with immediate effect, and also agreed, on the basis of separate requests from Montenegro and Serbia, to establish working parties to examine their individual applications on the understanding that the conditions stipulated in Article XII of the WTO Agreement would be adhered to during the accession process, and that the two Governments would be fully responsible for the implementation of obligations arising from accession to the WTO.

<sup>6</sup> See WTO document WT/L/509.

In addition, in November 2005, the General Council approved terms and conditions for the accession of Saudi Arabia. In keeping with WTO provisions, Saudi Arabia became the 149<sup>th</sup> Member of the WTO on 11 December 2005, thirty days following its acceptance of its Protocol of Accession.

Following China's accession to the WTO in December 2001, and in keeping with the transitional review provisions in China's Protocol of Accession, the General Council in December also conducted its fourth review of China's implementation of its WTO commitments. This review is required to be conducted by the General Council and 16 subsidiary bodies each year for a period of eight years, with a final review in the tenth year following China's accession or at an earlier date decided by the General Council. The following issues were addressed by the General Council in the course of the review: reports of the subsidiary bodies on China's implementation of the WTO Agreement and of the related provisions of the Protocol; development of China's trade with WTO Members and other trading partners; and recent developments and cross-sectoral issues regarding China's trade regime.

## Waivers under Article IX of the WTO Agreement

The General Council considered and granted several requests for waivers from obligations under the WTO Agreement as set out in Table II.1 below.

Also, in July and December, in keeping with the provisions of Article IX:4 of the WTO Agreement requiring that any waiver granted for a period of more than one year be reviewed not later than one year after it is granted, the General Council conducted a review of the following multi-year waivers:

- LDCs – Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 8 July 2002 until 1 January 2016 (WT/L/478)
- Preferential Tariff Treatment for Least-Developed Countries, granted on 15 June 1999 until 30 June 2009 (WT/L/304)
- Kimberley Process Certification Scheme for Rough Diamonds, granted on 15 May 2003 until 31 December 2006 (WT/L/518)
- United States – Caribbean Basin Economic Recovery Act, granted on 15 November 1995 until 31 December 2005 (WT/L/104)
- Canada – Caribcan, granted on 14 October 1996 until 31 December 2006 (WT/L/185)
- United States – Former Trust Territory of the Pacific Islands, granted on 14 October 1996 until 31 December 2006 (WT/L/183)
- EC – Autonomous preferential treatment to the countries of the Western Balkans, granted on 8 December 2000 until 31 December 2006 (WT/L/380)
- EC – Transitional regime for the EC autonomous tariff rate quotas on imports of bananas, granted on 14 November 2001 until 31 December 2005 (WT/L/437)
- EC – The ACP-EC Partnership Agreement, granted on 14 November 2001 until 31 December 2007 (WT/L/436)
- Cuba – Article XV:6 of GATT 1994, Granted on 20 December 2001 until 31 December 2006 (WT/L/440)

## Other issues

In keeping with the provisions of the General Council Decision of August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, the TRIPS Council reviewed the functioning of the system set out in that Decision with a view to ensuring its effective operation, and reported on its operation to the General Council in December.

As part of its overall oversight function, and in pursuance of a 1995 Decision concerning procedures for the overview of WTO activities and for reporting under the WTO, the General Council also conducted a year-end review of WTO activities on the basis of annual reports from all subsidiary bodies, and reviewed matters relating to the operation of the WTO budget, as well as of the WTO pension plan. Among other issues brought to the General Council for consideration during the period under review were: the extension of Members' rights under provisions of WTO Agreements in connection with proposed modifications to the EC's WTO concessions, including those arising from the accession to the European Union of ten new member States in May 2004; a report from the Joint Advisory Group of the International Trade Centre – a joint subsidiary organ of the UNCTAD and WTO; the review of the exemption provided under paragraph 3 of the GATT 1994; as well as other issues of concern to individual Members.

TABLE II.1

**Waivers under Article IX of the WTO Agreement**

During the period under review, the General Council granted the following waivers from obligations under WTO Agreements:

| MEMBER   | WAIVER  | GRANTED ON      | EXPIRY DATE  | DOCUMENT |
|--|---|-----------------|--|----------|
| Argentina  | Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions – Extension of Time-Limit | 27 July 2005    | 30 April 2006  | WT/L/618 |
| Malaysia   | Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions – Extension of Time-Limit | 27 July 2005    | 30 April 2006  | WT/L/619 |
| Panama   | Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions – Extension of Time-Limit | 27 July 2005    | 30 April 2006  | WT/L/620 |
| Israel   | Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions – Extension of Time-Limit | 1 December 2005 | 31 October 2006  | WT/L/639 |
| Argentina; Australia; Brazil; Bulgaria; Canada; China; Costa Rica; Croatia; El Salvador; European Communities; Hong Kong, China; Iceland; India; Korea; Macao, China; Mexico; New Zealand; Nicaragua; Norway; Romania; Singapore; Switzerland; Chinese Taipei; Thailand; United States and Uruguay | Introduction of Harmonized System 2002 changes into WTO Schedules of Tariff Concessions                           | 1 December 2005 | 31 December 2006   | WT/L/638 |
| Albania  | Implementation of Specific Concessions – Extension of time-limits   | 26 May 2005     | 1 January 2007 or 1 January 2009 for Part A of the Annex<br><br>1 January 2005 or 1 January 2007 for Part B of the Annex | WT/L/610 |

## V. Trade in goods

### Agriculture

The Committee on Agriculture (regular session) held three meetings in 2005.<sup>7</sup> Under the Review Process, questions relevant to the implementation of commitments were raised by Members. For example, clarifications were sought from the European Communities (EC) regarding the legal status of its scheduled domestic support and export subsidy commitments, following enlargement in May 2004 and consequent GATT XXIV:6 negotiations. Concerns were also raised with regard to the application of domestic purchase requirements by certain Members when allocating tariff quota shares; the allocation of import licences; low tariff quota fill rates; the allocation of funds under domestic support programmes, notably environmental programmes.

As part of the multilateral Review Process, the Committee also continued to examine the implementation of Members' commitments resulting from the Uruguay Round or from accession, on the basis of notifications submitted in the areas of market access (tariff quota administration and utilization and special safeguard actions), domestic support and export subsidies. Since 1995, the Committee has reviewed well over 2,000 notifications, out of which 150 were submitted by Members in 2005.

The Committee on Agriculture held the fourth transitional review of China's accession commitments, as foreseen under Paragraph 18 of the Protocol of Accession of the People's Republic of China. During that review, Members raised concerns regarding the operation of state trading enterprises, the implementation of tariff quota commitments and taxation policies.

<sup>7</sup> The summary reports of these meetings are contained in documents G/AG/R/42-44. In the run-up to the Sixth WTO Ministerial Conference, the November 2005 meeting of the Committee was postponed to 27 January 2006.

In accordance with the Doha Ministerial Decision on Implementation-Related Issues and Concerns of 14 November 2001, the Committee continued to discuss the three implementation-related issues in the area of agriculture, namely: (1) the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes under Article 10.2 of the Agreement on Agriculture; (2) the examination of possible means to improve the effectiveness of the implementation of the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries ("NFIDC Decision"); and (3) the review of the administration of the tariff quota regimes in accordance with the General Council Decision in WT/L/384.

At each of its meetings, the Committee considered one Category II proposal originally tabled by the African Group before the Committee on Trade and Development in Special Session Discussions focused primarily on the proposed revolving fund as a possible means to address the short-term financing difficulties that might be experienced by LDCs and NFIDCs, as envisaged in the NFIDC Decision.<sup>8</sup>

The Agriculture and Commodities Division of the WTO Secretariat undertook a number of technical assistance and training activities during 2005, both at and from headquarters and through missions to a number of developing countries. Such activities were designed to assist Members in implementing existing commitments under the Uruguay Round Agreement on Agriculture and in fully participating in the ongoing negotiations under the Doha Development Agenda.

## Sanitary and phytosanitary measures

The Agreement on the Application of Sanitary and Phytosanitary Measures (the "SPS Agreement") establishes the rights and obligations of Members regarding measures taken to ensure food safety, to protect human health from plant- or animal-spread diseases, or to protect plant and animal health from pests and diseases. Governments must ensure that their SPS measures are based upon scientific principles. Measures which are based upon international standards are presumed to be consistent with the obligation to be scientifically justified. When governments implement measures that are more strict than international standards, these measures must be based upon a risk assessment. Governments are obliged to provide advance notice when proposed new, or modified, regulations differ from relevant international standards.

The SPS Committee meets at least three times a year. In 2005, the Committee considered specific trade concerns raised by Members on a wide range of issues including measures taken in response to Avian influenza, foot-and-mouth disease and BSE, measures defining maximum residue testing requirements, and measures affecting trade in meat, fish, and fresh fruit. The Committee also considered a number of questions regarding the lack of recognition of animal disease-free and plant pest-free status and the implementation of the international phytosanitary standard on wood packaging material.

The SPS Committee completed its Second Review of the Agreement and adopted a detailed report at its June 2005 meeting. The report describes the activities of the Committee since the first review in 1998, and identifies a number of areas for future work by the Committee based on specific proposals by Members.

In June 2005 the SPS Committee also adopted a detailed report on special and differential treatment. This report includes the specific proposals which have been made by various Members and the concerns underlying the proposals. In addition to summarizing the discussions of these proposals, the report identifies a number of elements for further work by the SPS Committee to address some of the underlying concerns.

As of 31 December 2005, 6198 notifications have been circulated, including corrigenda, addenda and revisions. The number of notifications in 2005 (850) was less than the number submitted in 2004 (1208). One-hundred forty Members (94 per cent) had notified an enquiry point and 132 (88 per cent) had identified their national notification authority.

WTO's technical assistance activities in the SPS area contribute towards the strengthening of the capacities of developing countries in meeting standards for market access of food and other agricultural commodities. In 2005, the WTO Secretariat organized four national seminars and seven regional or sub-regional workshops; it also participated in two other SPS training activities organized by other Members. The programmes of these activities include presentations on the transparency obligations, dispute settlement, implementation problems, specific trade concerns and technical/scientific issues such as risk analysis and equivalence, as well as the work undertaken by the three standard-setting organizations referenced in the SPS Agreement (Codex, OIE and IPPC). A first two-week specialized trade policy course on the SPS Agreement was

<sup>8</sup> The Chairman's report to the General Council describing the progress made in discussing the African Group proposal is contained in document G/AG/20 (dated 15 July 2005).

held in 2005 for Spanish-speaking participants. This course allowed in-depth and interactive training focused on problems arising in the implementation of the SPS Agreement.

To date, Panel and Appellate Body reports have been issued for four SPS-related issues: EC-Hormones, Australia-Salmon, Japan-Varietals, and Japan-Fire Blight. The Panel established to review the existence or consistency with the covered Agreements of Japan's measures taken to comply with recommendations and rulings of the Dispute Settlement Body in Japan – Apples issued its ruling in June 2005. The Panels considering the United States, Canada and Argentina's complaint against the European Communities regarding measures affecting the approval and marketing of biotech products continued its deliberations during 2005. In addition, Panels were established at the request of the European Communities to examine the consistency of the continued application by the United States and Canada of retaliatory duties on certain imports from the European Communities, in the context of the EC prohibition of imports of meat from cattle treated with hormones for growth-promoting purpose.

## 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. The WTO Agreement on Safeguards establishes additional substantive and procedural requirements for applying new safeguard measures. It also stipulates that Members shall not seek, take or maintain any voluntary export restraints, orderly marketing arrangements or any other similar measures which afford protection.

### Notification and examination of safeguards laws and/or regulations of Members

Pursuant to Article 12.6 of the Agreement, Members are required to notify to the Committee their national legislation and/or regulations in the area of safeguards. For Members with such legislation and/or regulations, these notifications consist of the full and integrated text thereof. For Members without such legislation and/or regulations, these notifications inform the Committee of this fact. At its regular meetings, held in April and November 2005, the Committee continued its review of legislative notifications.

As of 31 December 2005, 93 Members<sup>9</sup> had notified the Committee of their domestic safeguards legislation and/or regulations or made communications in this regard to the Committee (G/SG/N/1 document series). Thirty-one Members had not as of that date made such a notification. The extent of the non-compliance with this notification obligation, and the implications of this situation, were discussed at the regular meetings of the Committee held during the review period. A table indicating the status of legislative notifications to 7 November 2005 is reproduced in Annex 1 of the Committee's 2005 report to the CTG (G/L/761).

### Notifications of actions related to safeguard measures

During the period 26 October 2004 – 3 November 2005,, the Committee received and reviewed a variety of notifications of actions related to safeguard measures. The Committee reviewed nine notifications regarding initiation of new investigation, three notifications of application of provisional measures, nine notifications concerning finding of serious injury or threat thereof caused by increased imports, seven notifications of termination of safeguard investigation with no safeguard measure imposed, seven notifications concerning decision to apply safeguard measure, and eight notifications concerning the non-application of safeguard measure to developing country Members. A table indicating the details of these notifications is reproduced in Annex 2 of the Committee's 2005 report to the CTG (G/L/761).

## Subsidies and countervailing measures

The Agreement on Subsidies and Countervailing Measures (the "SCM Agreement") 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 two categories: prohibited subsidies under Part II of the Agreement and actionable subsidies under Part III of the Agreement.<sup>10</sup> Part V of the Agreement governs 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.

<sup>9</sup> Counting EC and all the 25 member States as one.

<sup>10</sup> The provisions of Part IV of the Agreement, on non-actionable subsidies, lapsed on 1 January 2000, as there was no consensus in the Committee on Subsidies and Countervailing Measures, pursuant to Article 31 of the SCM Agreement, to extend these provisions.

**Article 27.4 extensions** Developing-country Members subject to the eight-year transition period in Article 27.2(b) of the SCM Agreement for the elimination of export subsidies had the possibility, not later than 31 December 2001, to seek extension of this transition period. In 2002, the Committee approved requests for extension, for calendar year 2003, of 21 developing-country Members in respect of specific programmes pursuant to Article 27.4 of the Agreement.<sup>11</sup> Most of these (i.e. 43 programmes of 19 Members) were requests based on the procedures contained in G/SCM/39, which had been approved by Ministers at Doha in the Decision on Implementation-Related Issues and Concerns; one Member's request in respect of two programmes was based on the language in paragraph 10.6 of that same Decision; and eight programmes were on the basis of Article 27.4 alone. In 2005, the Committee conducted the mandated standstill and transparency review of these export subsidy programmes and agreed to continue, for calendar year 2006, certain of the extensions previously granted by the Committee for calendar years 2003-2005. These continuations of extensions for calendar year 2006 were granted pursuant to the procedures in G/SCM/39 and can be found in documents G/SCM/50/Add.3-G/SCM/92/Add. 3.

**Annex VII(b)** In paragraph 10.1 of the Doha Implementation Decision, Ministers agreed that Annex VII(b) to the Agreement included the Members that were listed therein until their GNP per capita reached US\$1,000 in constant 1990 dollars for three consecutive years. From 1 January 2003, the methodology for calculating constant 1990 dollars set forth in G/SCM/38, Appendix 2, applies. The Secretariat circulated, in document G/SCM/110/Add. 2, a note reflecting: (i) GNI per capita in constant 1990 dollars covering the three most recent years for which data are available (2001-2003); and (ii) GNI per capita in current dollars for the year 2003. Accordingly, Annex VII(b) to the SCM Agreement includes the following Members that are listed therein until their GNP per capita reaches US\$1,000 in constant 1990 dollars for three consecutive years: Bolivia, Cameroon, Congo, Côte d'Ivoire, Egypt, Ghana, Guyana, Honduras, India, Indonesia, Kenya, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka and Zimbabwe.

**Notification and review of subsidies** Transparency is essential for the effective operation of the Agreement. To this end, Article 25 of the SCM Agreement requires that Members make a notification of specific subsidies by 30 June of each year. At its April 2005 meeting, the Committee continued the understanding reached in 2001 that Members would give priority to submitting new and full notifications every two years and would de-emphasize the review of updating notifications. The 2005 new and full notifications may be found in document series G/SCM/N/123/... A table indicating the status of 2005 subsidy notifications to 26 October 2005 is reproduced in Annex A of the Committee's 2005 report to the CTG (G/L/754). Pursuant to procedures adopted by the Committee in April 2005, a first special meeting to review 2005 new and full subsidy notifications was held in October 2005.

**Permanent Group of Experts** The Agreement provides for 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. 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.

**Notification and review of countervailing duty legislation** Pursuant to Article 32.6 of the Agreement and a decision of the Committee, Members are required to notify their countervailing duty legislation and/or regulations (or the lack thereof) to the Committee. A table indicating the status of legislative notifications to 26 October 2005 is reproduced in Annex C of the Committee's 2005 report to the CTG (G/L/754). At its spring and autumn 2005 meetings, the Committee continued its review of legislative notifications.

**Countervailing actions** Countervailing actions taken during the period 1 July 2004–30 June 2005 are summarized in Tables I and II below. While notifications are incomplete, the data available indicate that five new countervailing duty investigations were initiated in the review period. As of 30 June 2005, Members reported 92 countervailing measures (including undertakings) in force.

<sup>11</sup> Antigua and Barbuda; Barbados; Belize; Colombia; Costa Rica; Dominica; Dominican Republic; El Salvador; Fiji; Grenada; Guatemala; Jamaica; Jordan; Mauritius; Panama; Papua New Guinea; St. Kitts and Nevis; St. Lucia; St. Vincent and the Grenadines; Thailand; Uruguay.

Table II.2

**Exporters subject to initiations of countervailing investigations, 1 July 2004-30 June 2005<sup>a</sup>**

| Affected Country | Initiations |
|------------------|-------------|
| China            | 1           |
| India            | 1           |
| Korea            | 1           |
| Malaysia         | 1           |
| Thailand         | 1           |
| <b>Total</b>     | <b>5</b>    |

<sup>a</sup> 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 or notifications not providing information required by the notification format adopted by the Committee.

<sup>b</sup> Includes initiations in respect of individual EC Member States: Greece, Italy, Spain

Table II.3

**Summary of countervailing duty actions, 1 July 2004-30 June 2005**

| Reporting party      | Initiations | Provisional | Definitive | Undertakings | Measures in force<br>(definitive duties or<br>undertakings)<br>on 30.06.2005 |
|----------------------|-------------|-------------|------------|--------------|--|
| Argentina            | 0           | 0           | 0          | 0            | 3  |
| Australia            | 0           | 0           | 0          | 0            | 2  |
| Brazil               | 0           | 0           | 1          | 0            | 1  |
| Canada               | 1           | 4           | 2          | 0            | 4  |
| Costa Rica           | 0           | 0           | 0          | 0            | 1  |
| European Communities | 3           | 0           | 2          | 0            | 16   |
| Japan                | 1           | 0           | 0          | 0            | 0  |
| Mexico               | 0           | 0           | 0          | 0            | 1  |
| New Zealand          | 0           | 0           | 0          | 0            | 1  |
| Peru                 | 0           | 0           | 0          | 0            | 1  |
| South Africa         | 0           | 0           | 0          | 0            | 4  |
| United States        | 0           | 1           | 1          | 0            | 55   |
| Venezuela            | 0           | 0           | 0          | 0            | 3  |
| <b>Total</b>         | <b>5</b>    | <b>5</b>    | <b>6</b>   | <b>0</b>     | <b>92</b>  |

## Anti-dumping Practices

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 on Implementation of Article VI of GATT 1994 ("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 lack thereof). Members who enact new legislation or amend existing legislation are required to notify the new text or amendment. As of 31 December 2005, 96 Members (counting the EC as a single Member<sup>12</sup>) had submitted notifications regarding anti-dumping legislation and/or regulations. Twenty-seven Members had not yet submitted a notification. Review of

<sup>12</sup> To account for the fact that Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, and Slovenia acceded to the European Communities as of 1 May 2004, and that the anti-dumping legislations that they had notified prior to that date are no longer in effect (See, G/ADP/N/1/EEC/2/Suppl.6), these Members are no longer separately counted in this tally.

Members' notifications of legislation continues at the regular meetings of the Committee on Anti-Dumping Practices, on the basis of written questions and answers.

*Subsidiary bodies.* The Committee has two subsidiary bodies, the Working Group on Implementation (formerly known as the Ad Hoc Group on Implementation), and the Informal Group on Anti-Circumvention. These bodies normally meet twice a year in regular session, in conjunction with the regular meetings of the Committee.

The Working Group on Implementation considers, principally, technical issues concerning the Agreement. At its meetings in April and October 2005, the Working Group continued discussions on a series of topics referred to it by the Committee in April 1999 and April 2003. 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 1994 Ministerial Decision on Anti-Circumvention. The Informal Group met in October 2005, and continued discussions on the three topics under the agreed framework for discussions, "what constitutes circumvention", "what is being done by Members confronted with what they consider to be circumvention" and "to what extent can circumvention be dealt with under the relevant WTO rules? to what extent can it not? and what other options may be deemed necessary?".

*Anti-dumping actions.* Anti-dumping actions taken during the period 1 July 2004 – 30 June 2005 are summarized in Tables 1 and 2. The tables are incomplete because certain Members have not submitted the required semi-annual reports for this period or have not provided all of the information required by the format adopted by the Committee. The data available indicate that 209 new investigations were initiated during the period. The Members initiating ten or more new investigations during this period were the European Communities (32), India (30), China (27), Turkey (20), and South Africa (19). Australia and the United States each initiated nine new investigations, and Canada, Egypt, Mexico and Peru each initiated seven new investigations, during the period. As of 30 June 2005, 24 Members reported anti-dumping measures (including undertakings) in force. Of the 1291 measures in force reported, 22 percent were maintained by the United States, 15 per cent by India, 13 per cent by the European Communities, and 5 per cent each by China, Mexico, South Africa, and Turkey. Other Members reporting measures in force (including Argentina, Australia, Brazil, Canada, Korea, Peru, and Thailand) each accounted for 5 per cent or less of the total.

Products exported from China were the subject of the most anti-dumping investigations initiated during the period (47), followed by products exported from the European Communities (19), Korea (18), Chinese Taipei (16), the United States (13), India and Indonesia (12 each), and Thailand (11). The remaining Members exporting products subject to investigation each were subject to fewer than 10 investigations.

Table II.4

**Summary of Anti-Dumping Actions, 1 July 2004 - 30 June 2005<sup>13</sup>**

|             | Initiations | Provisional measures | Definitive Duties | Price Undertakings | Measures in force on 30 June 2005 <sup>14</sup> |
|-------------|-------------|----------------------|-------------------|--------------------|---|
| Argentina   | 6           | 2                    | 1                 | 2                  | 56  |
| Australia   | 9           | 2                    | 1                 | 0                  | 52  |
| Brazil      | 5           | 0                    | 3                 | 2                  | 50 <sup>15</sup>                                |
| Canada      | 7           | 9                    | 7                 | 0                  | 59  |
| China, P.R. | 27          | 17                   | 20                | 3                  | 71  |
| Colombia    | 1           | 0                    | 1                 | 0                  | 3   |

NR – Not reported

<sup>13</sup> The reporting period covers 1 July 2004 - 30 June 2005. The table is based on information from Members having submitted semi-annual reports for that period and is incomplete due to missing reports and/or missing information in reports.

<sup>14</sup> Includes definitive price undertakings.

<sup>15</sup> Certain of the measures in force were notified as having been fully or partially suspended.

|                      | Initiations | Provisional measures | Definitive Duties | Price Undertakings | Measures in force on 30 June 2005 <sup>14</sup> |
|----------------------|-------------|----------------------|-------------------|--------------------|---|
| Egypt                | 7           | 0                    | 0                 | 0                  | 15  |
| European Communities | 32          | 14                   | 6                 | 4                  | 167 <sup>3</sup>                                |
| India                | 30          | 9                    | 29                | 1                  | 191   |
| Indonesia            | 2           | 0                    | 6                 | 0                  | 7   |
| Israel               | 5           | 2                    | 0                 | 1                  | 6   |
| Jamaica              | 0           | 0                    | 1                 | 0                  | NR  |
| Japan                | 0           | 0                    | 0                 | 0                  | 2   |
| Korea                | 1           | 3                    | 11                | 2                  | 32  |
| Malaysia             | 4           | 7                    | 3                 | 0                  | 12  |
| Mexico               | 7           | 7                    | 7                 | 0                  | 63  |
| New Zealand          | 5           | 5                    | 4                 | 0                  | 14  |
| Pakistan             | 5           | 3                    | 3                 | 0                  | 7   |
| Paraguay             | 0           | 0                    | 1                 | 0                  | NR  |
| Peru                 | 7           | 4                    | 5                 | 0                  | 33  |
| South Africa         | 19          | 8                    | 2                 | 0                  | 73  |
| Chinese Taipei       | 0           | 0                    | 0                 | 0                  | 3   |
| Thailand             | 1           | 2                    | 0                 | 0                  | 22  |
| Trinidad and Tobago  | 0           | 0                    | 1                 | 0                  | 5   |
| Turkey               | 20          | 2                    | 16                | 0                  | 68  |
| United States        | 9           | 25                   | 21                | 0                  | 280 <sup>3</sup>                                |
| <b>Total</b>         | <b>209</b>  | <b>121</b>           | <b>149</b>        | <b>15</b>          | <b>1,291</b>                                    |

Table II.5

**Exporters subject to two<sup>16</sup> or more initiations of anti-dumping investigations, 1 July 2004- 30 June 2005<sup>17</sup>**

| Affected country                              | Total |
|---|-------|
| China   | 47    |
| European Communities and/or its Member states | 19    |
| Korea   | 18    |
| Chinese Taipei                                | 16    |
| United States                                 | 13    |
| India   | 12    |
| Indonesia                                     | 12    |
| Thailand                                      | 11    |
| Malaysia                                      | 10    |
| Brazil  | 9     |
| Japan   | 9     |
| Argentina                                     | 4     |
| Russia  | 4     |
| Mexico  | 3     |
| Ukraine                                       | 3     |

<sup>16</sup> Countries the subject of only one initiation of an anti-dumping investigation were: Bulgaria, Canada, Chile, Guatemala, Iran, Norway, Pakistan, Romania, Serbia & Montenegro, Singapore, South Africa, and United Arab Emirates.

<sup>17</sup> The reporting period covers 1 July 2004 - 30 June 2005. The table is based on information from Members having submitted semi-annual reports for that period and is incomplete due to missing reports and/or missing information in reports.

| Affected country | Total                   |
|------------------|-------------------------|
| Croatia          | 2                       |
| Philippines      | 2                       |
| <b>TOTAL</b>     | <b>197<sup>18</sup></b> |

## Technical barriers to trade

During 2005, the TBT Committee held three regular meetings (reports are contained in G/TBT/M/35-37). At each meeting the Committee considered specific trade concerns brought to its attention by Members. The Committee also continued its follow-up work related to recommendations contained in the Third Triennial Review (G/TBT/13). In November 2005, Members adopted a Format for the Voluntary Notification of Specific Technical Assistance Needs and Responses (G/TBT/16). This implemented an earlier decision by the Committee to increase transparency in the identification and prioritization of technical assistance needs. The format is to be used on a trial basis for two years. In its 2005 regular meetings, the Committee also began work in preparation of the Fourth Triennial Review; this included preliminary discussion of possible topics to be covered in the Review.

In addition to the regular TBT Committee meetings, a TBT Workshop on the subject of Supplier's Declaration of Conformity (SDoC) was held on 21 March 2005. The Workshop provided opportunity for delegations to exchange information and experiences on the use of SDoC – which is one element of the TBT Committee's broader work programme on conformity assessment. A summary report of the Workshop is contained in Annex 1 of document G/TBT/M/35.

## 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. The Working Party held a formal meeting in January 2006.

The Working Party's main task is to review the notifications and counter-notifications submitted by Members on their state trading activities. Notifications shall be made in accordance with the questionnaire on state trading adopted in April 1998 (G/STR/3) and revised in November 2003 (G/STR/3/Rev.1). Reviews of the notifications submitted are conducted in formal meetings of the Working Party. In November 2003, the Working Party decided on a change in the frequency of the notifications requiring Members to submit new and full notifications every two years and eliminating the requirement for updating notifications (G/STR/5). This change has been implemented as of the year 2004. 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 January 2006 meeting, the Working Party reviewed 16 notifications: 2004 new and full notifications of Albania; Former Yugoslav Republic of Macedonia; Moldova; New Zealand; Peru; Qatar; Romania; Uganda; and the United States, 2003 updating notifications of Moldova; and Peru, 2002 & 2000 & 1999 updating notifications, and 2001 & 1998 new and full notifications of Peru.

## Trade-related investment measures (TRIMs)

The Agreement on Trade-Related Investment Measures requires WTO Members to eliminate trade-related investment measures (TRIMs) that are inconsistent with Article III or Article XI of 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.

Pursuant to Article 5.3 of the TRIMs Agreement, by decisions of the CTG in July 2001 and November 2001, eight developing countries – Argentina, Colombia, Malaysia, Mexico, Pakistan, the Philippines, Romania and Thailand, were granted extensions of the transition period up to the end of 2003. In late December 2003, Pakistan requested a further extension of three years for the maintenance of certain TRIMs in its automobile industry. No decision has been taken in respect of this request.

<sup>18</sup> Does not include exporters subject to only one initiation (see note 17 above). The total number of initiations was 209.

In 2005, the TRIMs Committee held three formal meetings and several informal consultations. At these meetings, pursuant to the General Council's Decision of 1 August 2004 the TRIMs Committee considered the proposals on special and differential treatment that were submitted by the African Group (TN/CTD/W/3/Rev.2) with respect to Article 4 and Article 5.3 of the TRIMs Agreement, and continued discussions on the outstanding implementation issues related to the TRIMs Agreement (tires 37- 40 of JOB(01)/152/rev.1) and on a related proposal by Brazil and India (G/TRIMS/W/25). In addition, at its October meeting the Committee completed its fourth annual review under the Transitional Review Mechanism of China's Protocol of Accession and submitted its report to the CTG (G/L/751).

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## VI. Trade in services

### Council for Trade in Services

The Council for Trade in Services held four formal meetings during 2005. Reports of the meetings are contained in documents S/C/M/ 77 to 80. These reports, as well as the annual report by the Council, circulated in document S/C/24, should be read in conjunction with this summary.

During the reporting period, the Council addressed the following matters:

**Review of MFN Exemptions.** At dedicated meetings held on 23 February 2005, the Council continued the second review of MFN exemptions mandated under the Annex on Article II Exemptions. Following previous practice, the review was undertaken on a sector-by-sector basis through a question-and-answer process. At its regular meeting on 24 June 2005, the Council addressed outstanding questions on MFN exemptions and concluded the second review by deciding that the next review should begin in 2010, and no later than June 2010.

**Review of Air Transport under the Annex on Air Transport.** In accordance with the decision adopted at the conclusion of the first review of air transport, the Council formally started the second review mandated under the Annex on Air Transport at its meeting on 23 September 2005. Organizational matters such as the modalities for the review as well as preparatory work to be undertaken by the Secretariat were discussed at the meeting.

**Transitional review under Section 18 of the Protocol on the Accession of the People's Republic of China.** At its meeting on 23 September 2005, the Council conducted the fourth Transitional Review under Section 18 of the Protocol on the Accession of the People's Republic of China. The Council took note of the relevant report from the Committee on Trade in Financial Services, contained in document S/FIN/15 (see above), which in turn formed part of the Council's report on this matter to the General Council (document S/C/25).

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

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### Regular session Council for TRIPS

The Council for TRIPS followed up the reviews of the national implementing legislation of certain developing country Members that were initiated in 2001 and 2002 following the expiry of their transition period at the beginning of 2000. At the end of the year, the completion of ten reviews was pending. At its meeting in October, the Council undertook the fourth annual transitional review of the implementation by China of its WTO commitments in the TRIPS area pursuant to Section 18 of its Protocol of Accession.

Pursuant to paragraph 19 of the Doha Ministerial Declaration, the Council continued, under agenda items "Review of the provisions of Article 27.3(b)", "Relationship between the TRIPS Agreement and the Convention on Biological Diversity", and "Protection of traditional knowledge and folklore", its examination of these issues on the basis of papers submitted by Members, in particular on the relationship between the TRIPS Agreement and the Convention on Biological Diversity. In its Annual Report (2005) (IP/C/38/Add.1), the Council reported that its intensified work had led to clarifications and technical inputs necessary to arrive at a better understanding of the concerns expressed and the solutions offered, but that further work is required. The Council agreed that this work should continue on the basis of paragraph 19 of the Doha Ministerial Declaration and the progress made in the Council for TRIPS.

During the course of the year, the Council continued its work on the preparation of an amendment to the TRIPS Agreement to replace the August waiver Decision on the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. On 6 December, the Council decided to approve a proposal for a decision on an

amendment to the TRIPS Agreement for forwarding to the General Council (IP/C/41). It also approved the forwarding along with the draft decision the text of two statements that were to be made by the Chairman of the General Council prior to the adoption of the proposal by the General Council. The amendment will incorporate into the TRIPS Agreement the system that enables production and export of pharmaceutical products under compulsory licence to meet the needs of countries with inadequate domestic manufacturing capacity. The amendment will enter into force once it has been accepted by two thirds of WTO Members.

At its meeting in October, the Council carried out the second annual review, pursuant to paragraph 8 of the aforementioned Decision, of the functioning of the system set out in the Decision.

The Council agreed that developed country Members would update the information on their technical and financial cooperation activities pursuant to Article 67 of the Agreement in time for the Council's meeting in October. Updated information was also received from a number of intergovernmental organizations observers to the Council, as well as from the WTO Secretariat.

As regards the special and differential treatment proposals referred to it, the Council agreed, at its meeting in June, to authorize the Chair to report to the General Council that the TRIPS Council reiterated its recommendation concerning the text that was forwarded to the General Council for appropriate action by the Chair of the TRIPS Council in August 2003, and to provide a brief factual report on what had happened with regard to the other proposals. The Chair's report was circulated as document IP/C/36. At its meeting in October, the Council authorized the Chair to report that the situation remained as described in the aforementioned report.

At its meeting in June, the Council agreed to extend the Maldives' transition period under Article 66.1 of the TRIPS Agreement until 20 December 2007 (IP/C/35). On 29 November, the Council adopted a Decision on "Extension of the Transition Period under Article 66.1 for Least-Developed Country Members" (IP/C/40), which extended LDC Members' transition period until 1 July 2013.

The Council's work on the implementation of Article 66.2 as well as on non-violation and situation complaints is described in [Section II on the Doha Development Agenda above. Other issues discussed in the TRIPS Council included the review of implementation of the TRIPS Agreement under Article 71.1, the review of the application of the provisions of the Section on geographical indications under Article 24.2, and a communication from the European Communities on "Enforcement of Intellectual Property Rights". Further information can be found in the Annual Report (2005) of the Council for TRIPS (IP/C/38 and Add.1).

## VIII. The DSB and resolution of trade conflicts under the WTO's Dispute Settlement Understanding

### 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, which met 22 times during 2005, has the sole authority to establish dispute settlement panels, adopt panel and Appellate Body reports, maintain surveillance of implementation of recommendations and rulings, and authorize suspension of concessions in the event of non-implementation of recommendations.

#### Dispute settlement activity in 2005

In the year 2005, the DSB received 11 notifications from Members of formal requests for consultations under the DSU. During this period, the DSB also established panels to deal with eight new cases and adopted panel and/or Appellate Body reports in 29 cases, concerning 16 distinct matters. In addition, mutually agreed solutions or withdrawals were notified in six cases. The following 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. In order to provide the most up-to-date information available at the time of writing concerning cases that were active in 2005, developments from 1 January 2005 until 17 March 2006 are reflected. New cases initiated in 2006 are not reflected here. The cases are listed in order of their DS number. Additional information on each of these cases can be found on the WTO website at [www.wto.org](http://www.wto.org).

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

*(For a detailed description of the Panel and Appellate Body reports, see also Annual Report 1998, p. 106. For more detailed information relating to the implementation of the reports up until December 2001, please see Annual Report 2000, p. 69, Annual Report 2001, p. 95 and Annual Report 2002, p. 89 and WTO Annual Report 2003, p. 94.)*

On 30 November 2005, Honduras, Nicaragua and Panama requested consultations with the European Communities in respect of the EC Council Regulation governing the import regime for bananas, which was adopted on 29 November 2005. According to the complainants, the 176€/mt MFN rate is inconsistent with the Doha Waiver in all its parts, the Arbitration Awards of 1 August and 27 October 2005, GATT Article XXVIII, and *EC – Bananas III*; and the zero-duty ACP tariff quota of 775,000 mt and over-quota ACP tariff of 176€/mt is inconsistent with the Doha Waiver in all its parts, the Arbitration Awards of 1 August and 27 October 2005, GATT Articles I and XIII, and *EC – Bananas III*.

(For further information, see the section on special arbitrations.)

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### **United States – Tax treatment for “Foreign Sales Corporations”, complaint by the European Communities (WT/DS108)**

*(For a description of the Panel report see Annual Report 2000, p.73; for a description of the Appellate Body report, see Annual Report 2001, p. 80; for a description of the compliance Panel and Appellate Body reports, see WTO Annual Report 2002, p. 95; for information on the authorization to suspend concessions, see WTO Annual Report 2004, p. 51, for details on the establishment of a second panel under Article 21.5 of the DSU, see WTO Annual Report 2005, p. 44.)*

On 30 September 2005, the Article 21.5 Panel report was circulated to Members. The Panel found that the United States had failed to implement fully the DSB recommendations and rulings arising from the original dispute and first compliance proceedings. On 24 November 2005, the United States notified its decision to appeal to the Appellate Body certain issues of law covered in the Panel report and certain legal interpretations developed therein. On 28 November 2005, the European Communities notified its decision to appeal to the Appellate Body certain issues of law covered in the Panel report and certain legal interpretations developed by the Panel. On 13 February 2006, the Appellate Body circulated its report, which upheld the Panel’s findings. The DSB adopted the Appellate Body report and Panel report as upheld by the Appellate Body at its meeting on 17 March 2006.

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### **Chile – Price band system and safeguard measures relating to certain agricultural products, complaint by Argentina (WT/DS207)**

*(For a description of the Panel and Appellate Body Reports, see WTO Annual Report 2003, p. 89-90; for details relating to the implementation of this report up until 31 December 2004, see WTO Annual Report, p. 53; for details of implementation of this report during 2004, see WTO Annual Report 2005, p. 45.)*

On 29 December 2005, Argentina, considering that the measures adopted by Chile to implement the recommendations and rulings of the DSB were inconsistent, *inter alia*, with Article 4.2 of the Agreement on Agriculture, the second sentence of Article II:1(b) of the GATT 1994, and hence, Article XVI:4 of the WTO Agreement, requested the establishment of an Article 21.5 compliance panel. At its meeting on 20 January 2006, the DSB agreed to refer the matter raised by Argentina to the original panel. Australia, Brazil, Canada, China, Colombia, the European Communities, Peru Thailand and the United States reserved their third party rights.

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### **United States – Countervailing measures concerning certain products from the European Communities, complaint by the European Communities (WT/DS212)**

*(For details of the Panel and Appellate Body Reports, see WTO Annual Report 2003, p. 102-103 and WTO Annual Report 2004, p. 54; for details on the establishment of the compliance panel, see WTO Annual Report 2006, p. 45.)*

On 17 August 2005, the Article 21.5 Panel report was circulated to Members. In the Panel report, the European Communities prevailed in respect of its claims regarding: (i) the United States failure to examine the privatizations of BS plc (UK) and Aceralia (Spain); and (ii) the treatment of new evidence in the UK Section 129 proceedings. All other European Communities claims were either dismissed or rejected.

On 27 September 2005, the Panel report was adopted by the DSB.

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#### **European Communities – Protection of trademarks and geographical indications for agricultural products and foodstuffs, complaints by the United States and Australia (WT/DS174, WT/DS290)**

*(For information relating to the establishment of this Panel, see WTO Annual Report 2004, p. 53.)*

On 15 March 2005, the Panel reports were circulated to Members. The Panel agreed with the United States and Australia that the European Communities' regulation on geographical indications for agricultural products and foodstuffs (GI Regulation) did not provide national treatment to other WTO Members' right holders and products, because: (i) registration of a GI from a country outside the European Union was contingent upon the government of that country adopting a system of GI protection equivalent to the European Communities' system and offering reciprocal protection to European Communities GIs; and (ii) the Regulation's procedures required applications and objections from other WTO Members to be examined and transmitted by the governments of those Members, and required systems of inspection for products from other WTO Members to be operated by the governments of those Members. Therefore, nationals from other WTO Members did not have guaranteed access to the European Communities' system for their GIs for agricultural products and foodstuffs, unlike European Communities nationals. The Panel did not make a finding that the substance of the European Communities system of GI protection, which requires product inspection, is inconsistent with WTO obligations. The Panel also agreed with the United States and Australia that the TRIPS Agreement does not allow unqualified coexistence of GIs with prior trademarks but it agreed with the European Communities that, although its GI Regulation allows it to register GIs even when they conflict with a prior trademark, the Regulation, as written, is sufficiently constrained to qualify as a "limited exception" to trademark rights.

The DSB adopted the Panel report on 20 April 2005. On 9 June 2005, the European Communities, Australia and the United States informed the DSB that they had agreed pursuant to Article 21.3(b) of the DSU that the reasonable period of time for implementation would be 11 months and 2 weeks, expiring on 3 April 2006

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#### **Japan – Measures affecting the importation of apples, complaint by the United States (WT/DS245)**

*(For further details relating to the request for establishment of a panel, see WTO Annual Report 2003, p. 105; for information on the Panel and Appellate Body reports, see WTO Annual Report 2004, p. 58; for information relating to the establishment of a Panel under Article 21.5 of the DSU, and the procedure established in respect of Article 22.6 of the DSU, see WTO Annual Report 2005, p. 47.)*

On 23 June 2005, the Article 21.5 Panel circulated its report to Members. The Panel report found that Japan's phytosanitary measure imposed on imports of apples from the United States was contrary to Articles 2.2 and 5.1 of the SPS Agreement and if the United States only exports mature, symptomless apples, the alternative measure proposed by the United States would meet the requirement of Article 5.6 of the SPS Agreement. On 18 July 2005, the parties to the dispute jointly requested the Chairman of the arbitration to suspend the Article 22.6 proceedings until 31 August 2005. At the DSB meeting on 30 July 2005, the Panel report was adopted.

On 30 August 2005, the parties to the dispute jointly informed the DSB that they had reached a mutually agreed solution regarding the matters raised by the United States in this dispute.

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#### **United States – Final countervailing duty determination with respect to certain softwood lumber from Canada, complaint by Canada (WT/DS257)**

*(For further details relating to the request for establishment of a panel, see WTO Annual Report 2003, pp. 105-106, for information on the Panel report and the notification to the DSB of the United States' decision to appeal the panel report, see WTO Annual Report 2004, p. 59; for information on the Appellate Body Report and the arrangements adopted for proceedings under Article 21.5 and 22.6 of the DSU, see WTO Annual Report 2005, p. 48.)*

On 1 August 2005, the Article 21.5 Panel circulated its report to Members. The Panel found that the United States remained in violation of Articles 10 and 32.1 of the SCM Agreement, and Article VI:3 of the GATT 1994.

On 6 September 2005, the United States notified its decision to appeal to the Appellate Body certain issues of law covered in the Panel report and certain legal interpretations developed by the Panel in the dispute.

On 5 December 2005, the Appellate Body circulated its report to Members. The sole issue on appeal was whether the Panel acted outside its jurisdiction in making findings with respect to a measure that, according to the United States, was not a “measure taken to comply with the recommendations and rulings of the DSB” and, for that reason, not within the mandate of a panel acting under Article 21.5 of the DSU. The Appellate Body confirmed that the question of what measures may be examined by a panel acting pursuant to Article 21.5 is a question to be answered by panels and the Appellate Body, rather than by the parties to the dispute. Although a Member’s declaration that a specific measure is the one that it has “taken to comply” will always be relevant to this question, such a declaration is not determinative. The Appellate Body upheld the Panel’s finding that the first assessment review fell within the scope of the particular Article 21.5 proceedings, insofar as the pass-through analysis employed by the United States Department of Commerce was concerned. Consequently, the Appellate Body found that the Panel had acted within the scope of its jurisdiction in making such findings.

At its meeting of 20 December 2005, the DSB adopted the Article 21.5 Appellate Body report and Panel report, as upheld by the Appellate Body report.

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#### **United States – Final dumping determination on softwood lumber from Canada, complaint by Canada (WT/DS264)**

*(For details relating to the establishment of the panel, see WTO Annual Report 2004, p. 60; for information relating to the Panel and Appellate Body reports and the reasonable period of time agreed for implementation, see WTO Annual Report 2005, p. 49.)*

On 14 February 2005, Canada and the United States informed the DSB that both parties had agreed to modify the reasonable period of time so as to expire on 2 May 2005. At the DSB meeting on 19 May 2005, the United States stated that it had implemented the recommendations and rulings of the DSB, by issuing on 15 April 2005 a new final determination, in which it calculated new rates of dumping with respect to its anti-dumping duty investigation on certain softwood lumber products from Canada.

Canada considered that the measures taken by the United States to comply with the DSB’s recommendations and rulings were inconsistent with the United States’ obligations under relevant WTO Agreements. Consequently, on 19 May 2005, Canada requested the DSB to establish a panel under Article 21.5 of the DSU and authorization to suspend concessions or other obligations with respect to the United States under Article 22.2 of the DSU.

On 27 May 2005, Canada and the United States sent to the DSB the understanding between the parties regarding procedures under Articles 21 and 22 of the DSU. In respect of the Article 21.5 proceeding, at its meeting of 1 June 2005 the DSB decided to refer the matter raised by Canada to the original panel. China, India, Japan and the European Communities reserved their third party rights. In respect of the Article 22 proceeding, on 31 May 2005 the United States requested this matter to be referred to arbitration in accordance with Article 22.6 of the DSU. At its meeting of 1 June 2005, the DSB agreed that the matter would be referred to arbitration in accordance with Article 22.6 of the DSU. Pursuant to the bilateral agreement, the Article 22.6 arbitration proceeding was suspended until the completion of the Article 21.5 proceeding.

On 3 August 2005, following his appointment as a Deputy Director-General of the WTO, the Chairman of the Panel resigned. Subsequently, on 18 August 2005, Canada requested the Director-General to appoint a replacement Chairperson. On 26 August 2005, the Director-General appointed a new Chairman of the Panel. On 16 September 2005, the Chairman of the Panel informed the DSB that the Panel expected to complete its work in February 2006.

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#### **European Communities – Export subsidies on sugar, complaints by Australia (WT/DS265), Brazil (WT/DS266) and Thailand (WT/DS283)**

*(For a description of the establishment of the panel, see WTO Annual Report 2004, p. 6; for information relating to the Panel report, see WTO Annual Report 2005, p. 52.)*

On 13 January 2005, the European Communities notified its decision to appeal certain issues of law covered in the Panel report and certain legal interpretations developed by the Panel. On 25 January 2005 Australia, Brazil and Thailand notified their decision to appeal certain issues of law covered in the panel report and certain legal interpretations developed therein.

On 28 April 2005, the report of the Appellate Body was circulated. The Appellate Body agreed with the Panel that the European Communities acted inconsistently with its obligations under the Agreement on Agriculture by granting export subsidies in excess of

its maximum permitted subsidy levels. While upholding certain other findings made by the Panel in this case, the Appellate Body did however find that the Panel erred in not ruling on the complaining parties' claims under the SCM Agreement, because the Panel's ruling under the Agreement on Agriculture was insufficient to fully resolve the dispute, especially in relation to implementation of a remedy. However, the Appellate Body found it was unable to complete the legal analysis of these claims.

At its meeting of 19 May 2005, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report.

On 9 August 2005, the complaining parties to the dispute informed the DSB that as the parties had been unable to reach agreement on a reasonable period of time for implementation in accordance with Article 21.3(b) of the DSU, the complaining parties would like to request that the reasonable period of time be determined through binding arbitration, pursuant to Article 21.3(c) of the DSU. On 28 October 2005, the Award of the arbitrator was circulated to Members. The arbitrator determined that the reasonable period of time would be 12 months and 3 days, expiring on 22 May 2006. Separately, at the DSB meeting on 27 September 2005, the complaining parties expressed their concern about the European Communities' decision to increase exports of sugar by almost 2 million tonnes through a declassification system, which would regard quota sugar as "C" sugar. The European Communities responded that it would comply with the DSB's recommendations and rulings within the reasonable period of time to be fixed by the arbitrator.

#### **United States – Subsidies on upland cotton, complaint by Brazil (WT/DS267)**

*(For a description of the establishment of the Panel, see WTO Annual Report 2004, p. 61; for details relating to the Panel report, see WTO Annual Report 2005, p. 49.)*

On 18 October 2004, United States notified its intention to appeal certain issues of law and legal interpretations developed by the Panel. The report of the Appellate Body was circulated on 3 March 2005. The Appellate Body defined when income support payments may be considered as "decoupled" from the type of production after the base period and thus qualify as green box support. In doing so, the Appellate Body upheld the Panel's rejection of the United States' defence that certain of its challenged measures qualified as green box support; accordingly, it found that these measures were not exempt from challenge under Part III of the SCM Agreement and Article XVI of the GATT 1994 by virtue of Article 13(a)(ii) of the Agreement on Agriculture (part of the so-called "peace clause"). The Appellate Body also agreed with the Panel's finding that the United States was not entitled to peace clause protection under Article 13(b)(ii) of the Agreement on Agriculture because it had granted, between 1999 and 2002, domestic support to upland cotton in excess of that decided during the 1992 benchmark period referred to in Article 13(b)(ii). The Appellate Body upheld the Panel's conclusion that the United States' price-contingent subsidies had caused significant price suppression in the world market for upland cotton, constituting serious prejudice to the interests of Brazil. In addition, the Appellate Body upheld the Panel's conclusion that one of the price-contingent subsidies, the user marketing certificates or "Step 2" program, was also a prohibited subsidy inconsistent with Articles 3.1 and 3.2 of the SCM Agreement, because payments under that program were contingent upon the use of domestically-produced cotton and certain payments were contingent on export. Finally, in considering the question of whether export credit guarantees are covered by or excluded from the obligations of the Agreement on Agriculture, the majority of the Division found that export credit guarantees are currently subject to the disciplines against circumvention of export subsidy commitments and that the three United States export credit guarantee programs at issue, GSM 102, GSM 103 and SCGP, constituted a *per se* export subsidy within the meaning of item (j) of the Illustrative List of Export Subsidies in Annex I of the SCM Agreement and were prohibited subsidies inconsistent with Articles 3.1(a) and 3.2 of that Agreement. At its meeting on 21 March 2005, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report.

The reasonable period of time in respect of the prohibited subsidies expired on 1 July 2005. The United States Department of Agriculture announced, on 30 June 2005, changes to the three export credit guarantee programs. A legislative proposal was also sent to the United States' Congress with a view to repealing, as soon as possible, the user marketing (Step 2) program. On 4 July 2005 Brazil requested the DSB for authorization under Article 4.10 of the SCM Agreement and Article 22.2 of the DSU to suspend concessions and other obligations under GATT 1994, GATS and the TRIPS Agreement. On 14 July 2005, the United States submitted its objections to the request for authorization by Brazil pursuant to Article 22.6 of the DSU and Article 4.11 of the SCM Agreement. At its meeting on 15 July 2005, the DSB referred the matter raised by the United States to arbitration. On 17 August 2005, the parties to the dispute jointly requested the Chairman of the Arbitrator to suspend the Article 22.6 arbitration proceedings in accordance with the Agreed Procedures which

had been previously established between the parties, accordingly the Arbitrator suspended the proceedings.

The reasonable period of time in respect of the actionable subsidies expired on 21 September 2005. On 6 October 2005, Brazil requested the DSB for authorization under Article 7.9 of the SCM Agreement and Article 22.2 of the DSU to suspend concessions and other obligations under GATT 1994, GATS and the TRIPS Agreement. On 17 October 2005, the United States submitted its objections to the request for authorization by Brazil pursuant to Article 22.6 of the DSU and Article 7.10 of the SCM Agreement. At its meeting on 18 October 2005, the DSB referred the matter raised by the United States to arbitration. On 21 November 2005, the parties to the dispute jointly requested the Chairman of the Arbitrator to suspend the Article 22.6 arbitration proceedings in accordance with the Agreed Procedures, and the Arbitrator suspended the proceedings accordingly.

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**United States – Sunset reviews of anti-dumping measures on oil country tubular goods from Argentina, complaint by Argentina (WT/DS268)**

*(For a description relating to the establishment of the panel, see WTO Annual Report 2004, p. 61; for a description of the Panel report, see WTO Annual Report 2005, p. 49.)*

On 11 March 2005, Argentina requested the DSB that the reasonable period of time be determined through binding arbitration pursuant to Article 21.3(c) of the DSU, as Argentina and the United States were not able to reach an agreement. On 7 June 2005, the Award of the Arbitrator was circulated to Members. The arbitrator determined that the reasonable period of time in this case would be 12 months and would thus expire on 17 December 2005. At the DSB meeting on 22 December 2005, the United States informed the DSB that it had implemented the DSB recommendations and rulings in this case. Argentina expressed doubts whether the United States had fully implemented the DSB recommendations and rulings. On 5 January 2006, the parties informed the DSB of agreed procedures under Articles 21 and 22 of the DSU. On 26 January 2006, Argentina requested consultations under Article 21.5 of the DSU. At its meeting on 17 March 2006, the DSB referred this dispute, if possible, to the original Panel in accordance with Article 21.5 of the DSU.

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**European Communities – Customs classification of frozen boneless chicken cuts, complaints by Brazil (WT/DS269) and Thailand (WT/DS286)**

*(For information relating to the establishment of this Panel, see WTO Annual Report 2004, p.62)*

On 30 May 2005, the Panel reports were circulated to Members. The Panel found that the measure at issue was inconsistent with the European Communities obligations under Articles II:1(a) and II:1(b) of the GATT 1994, because the products at issue were covered by the concession contained in heading 02.10. More specifically, the disputed measure had resulted in the imposition of customs duties on the product at issue in excess of the duties provided for in respect of the concession contained in heading 02.10, by classifying the products at issue under the concession contained in heading 02.07.

On 13 June 2005, the European Communities notified its decision to appeal to the Appellate Body certain issues of law covered in the Panel reports and certain legal interpretations developed by the Panel in the reports. On 27 June 2005, Brazil likewise notified its decision to appeal. On 12 September 2005, the Appellate Body circulated its report to Members. The Appellate Body essentially upheld the procedural and substantive conclusions of the Panel, finding the European Communities' measures to be WTO-inconsistent. However, the Appellate Body reversed the Panel's interpretation and application of the concept of "subsequent practice" within the meaning of Article 31(3)(b) of the Vienna Convention; and consequently, reversed the Panel's conclusions that the European Communities' practice of classifying, between 1996 and 2002, the products at issue under heading 02.10 of the European Communities Schedule "amounted to subsequent practice" within the meaning of Article 31(3)(b) of the Vienna Convention. However, this reversal did not alter the Panel's ultimate conclusion that the European Communities' measures were WTO-inconsistent.

At its meeting on 27 September 2005, the DSB adopted the Appellate Body report and the Panel report as modified by the Appellate Body report. On 22 November 2005, Brazil requested that the reasonable period of time in order to implement the DSB's rulings and recommendations be determined through binding arbitration pursuant to Article 21.3(c) of the DSU. On 9 December 2005, Thailand made the same request. On 20 February 2006, the Arbitrator decided the reasonable period of time for implementation would be nine months and therefore would expire on 27 June 2006.

### **Korea – Measures affecting trade in commercial vessels, complaint by the European Communities (WT/DS273)**

*(For a description of the establishment of this Panel, see WTO Annual Report 2004, p.62; see also WTO Annual Report 2005, p. 50)*

On 7 March 2005, the Panel report was circulated to Members. The Panel found that certain KEXIM pre-shipment loans and advance payment refund guarantees, provided at below-market terms, were prohibited export subsidies, and therefore that Korea was in violation of Articles 3.1(a) and 3.2 of the SCM Agreement. Concerning the KEXIM legal regime, the Panel in application of the mandatory/discretionary distinction, which they considered still valid, found that the KEXIM legal regime did not require the provision of export subsidies, and that therefore that it did not violate Articles 3.1(a) and 3.2 of the SCM Agreement. The Panel found that advance payment refund guarantees (APRG) and pre-shipment loans (PSL) provided at below-market terms were prohibited export subsidies, in violation of Articles 3.1(a) and 3.2 of the SCM Agreement. The Panel rejected the EC's claims that certain restructuring assistance and tax concessions to Korean shipbuilders involved subsidization.

The DSB adopted the Panel report on 11 April 2005. At the DSB meeting of 11 April 2005, Korea stated that since all loans and guarantees had now been repaid or had already expired, Korea considered that it was in compliance with WTO rules and that no further action was required to implement the DSB's recommendations. The European Communities disagreed with Korea and noted that the Panel had recommended that Korea withdraw the individual APRG and PSL subsidies within 90 days, pursuant to the SCM Agreement.

### **United States – Investigation of the International Trade Commission in softwood lumber from Canada, complaint by Canada (WT/DS277)**

*(For a description of the establishment of the panel, see WTO Annual Report 2004, p. 63; for information relating to the Panel report, see WTO Annual Report 2005, p. 51.)*

At the DSB meeting on 25 January 2005, the United States stated that it had implemented the DSB's recommendations and rulings by amending the US anti-dumping and countervailing duty orders concerned. On 14 February 2005, as Canada considered that the measures taken by the United States to comply with the DSB's recommendations and rulings were inconsistent with United States obligations under the relevant WTO Agreements, it requested the DSB to establish a panel under Article 21.5 of the DSU and authorize suspension of concessions or other obligations with respect to the United States under Article 22.2 of the DSU.

On 23 February 2005, Canada and the United States informed the DSB of an Understanding regarding procedures under Articles 21 and 22 of the DSU, which provided that the Article 22.6 arbitration would be suspended until adoption by the DSB of the recommendations and rulings in the Article 21.5 compliance proceedings.

On 23 February 2005, in respect of the Article 22 proceeding, the United States requested this matter to be referred to arbitration in accordance with Article 22.6 of the DSU. At its meeting of 25 February 2005, the DSB agreed that the matter raised by the United States would be referred to arbitration in accordance with Article 22.6 of the DSU. In respect of the Article 21.5 proceeding, the DSB decided at its meeting of 25 February 2005, to refer the matter raised by Canada to the original panel. Pursuant to the Understanding, the Article 22.6 arbitration proceeding was suspended until the completion of the Article 21.5 proceeding. On 2 March 2005, the Article 21.5 Panel was composed.

On 15 November 2005, the Article 21.5 Panel circulated its report to Members. In its report, the Panel found that the determination of the United States International Trade Commission implementing the Panel and DSB recommendations in the original dispute was not inconsistent with the United States' obligations under the Anti-Dumping Agreement and the SCM Agreement.

On 13 January 2006, Canada notified its decision to appeal to the Appellate Body certain issues of law covered in the Article 21.5 panel report and certain legal interpretations developed therein.

### **United States – Anti-dumping measures on imports of cement from Mexico, complaint by Mexico (WT/DS281)**

*(For a description of the establishment of the Panel, see WTO Annual Report 2004, p. 64 and WTO Annual Report 2005, p. 52.)*

On 1 March 2005, the Panel informed the DSB that it would not be possible for the Panel to complete its work within six months of the date of composition and that it hoped to complete its work by the end of October 2005. On 3 October 2005, this was extended when the Panel informed the DSB that it expected to complete its work in January 2006. On 16 January 2006, the Chairman of the Panel informed the DSB that in the context of negotiations to find a mutually acceptable solution to this dispute, Mexico had requested

the Panel to suspend its proceedings, in accordance with Article 12.12 of the DSU, until further notice. The Panel agreed to this request.

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**United States – Anti-dumping measures on oil country tubular goods (OCTG) from Mexico complaint by Mexico (WT/DS282)**

*(For information relating to the establishment of this Panel, see WTO Annual Report 2004, p.64.)*

On 20 June 2005, the Panel report was circulated to Members. In its report the Panel found that the USDOC's Sunset Policy Bulletin (SPB) was inconsistent, as such, with Article 11.3 of the Anti-Dumping Agreement. The Panel also found that the USDOC, relying on the SPB, acted inconsistently with Article 11.3 of the Anti-Dumping Agreement in concluding that expiry of the anti-dumping measure on oil country tubular goods from Mexico would be likely to lead to continuation or recurrence of dumping. Regarding Mexico's claims on the USDOC determination of likelihood of recurrence of dumping, the Panel found that USDOC had made its determination on the basis of a decline in import volumes, and that it had failed to consider potentially relevant evidence. Therefore, the Panel ruled that the sunset determination was not consistent with Article 11.3. The Panel also found that the USITC did not act inconsistently with Article 11.3 in concluding that expiry of the anti-dumping measure on OCTG from Mexico would be likely to lead to continuation or recurrence of injury, and that the USDOC did not act inconsistently with Article 11.2 in determining not to terminate the anti-dumping measure with respect to two Mexican exporters based on their specific circumstances.

On 4 August 2005, Mexico notified its decision to appeal to the Appellate Body certain issues of law covered in the Panel report. On 16 August 2005, the United States also notified its decision to appeal to the Appellate Body.

On 2 November 2005, the Appellate Body circulated its report to Members. The Appellate Body upheld the Panel's finding that the USITC had not acted inconsistently with Article 11.3 of the Anti-Dumping Agreement, and ruled that it was not necessary to establish the existence of a causal link between likely dumping and likely injury in a sunset review determination under this provision. However, the Appellate Body reversed the Panel's finding with respect to the SPB, ruling that the Panel had failed to make an objective assessment of the matter, including an objective assessment of the facts of the case, as required by Article 11 of the DSU. Essentially, the Appellate Body found that the Panel did not adequately assess the evidence in coming to its conclusion that the SPB had established an irrebuttable presumption regarding likelihood of continuation or recurrence of dumping.

At its meeting on 28 November 2005, the DSB adopted the Appellate Body report and the Panel report as modified by the Appellate Body report. On 17 February 2006, the parties informed the DSB that they had mutually agreed that the reasonable period of time for the United States to implement the recommendations and rulings of the DSB would be six months, expiring on 28 May 2006.

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**United States – Measures affecting cross-border supply of gambling and betting services, complaint by Antigua and Barbuda (WT/DS285)**

*(For a description of the establishment of the Panel, see WTO Annual Report 2004, p. 64; for a description of the Panel Report, see WTO Annual Report 2005, p. 52.)*

On 7 January 2005, the United States notified its decision to appeal certain issues of law covered in the Panel report and certain legal interpretations developed by the Panel. On 19 January 2005, Antigua and Barbuda notified the DSB of its decision to appeal certain issues of law covered in the panel report and certain legal interpretations developed by the Panel. On 7 April 2005, the report of the Appellate Body was circulated. The Appellate Body: (i) upheld the Panel's finding that an alleged "total prohibition" on the cross-border supply of gambling and betting services cannot, in and of itself, constitute a "measure" subject to dispute settlement under the GATS; (ii) found that the Panel should not have ruled on claims advanced by Antigua and Barbuda with respect to eight state laws of the United States, as Antigua and Barbuda had not made a prima facie case of inconsistency with the GATS; (iii) upheld the Panel's finding, albeit for different reasons, that the United States' Schedule included a commitment to grant full market access in gambling and betting services; (iv) upheld the Panel's finding that the United States acted inconsistently with Article XVI:1 and sub-paragraphs (a) and (c) of Article XVI:2 of the GATS by maintaining certain limitations on market access not specified in its Schedule; and (v) having reversed the Panel's finding that the United States had not shown that the three federal statutes were "necessary to protect public morals or to maintain public order", within the meaning of Article XIV(a), found instead that the United States' measures constituted measures "necessary to protect public morals or to maintain public order" under Article XIV(a) of the GATS. The Appellate Body nevertheless upheld, albeit on a narrower ground, the Panel's

finding that the United States had failed to demonstrate that these measures satisfied the conditions of the chapeau of Article XIV.

At its meeting of 20 April 2005, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report. At the DSB meeting of 19 May 2005, the United States stated its intention to implement the DSB's recommendations and indicated that it would need a reasonable period of time to do so. On 6 June 2005, Antigua and Barbuda requested that the reasonable period of time be determined through binding arbitration pursuant to Article 21.3(c) of the DSU. On 19 August 2005, the Arbitrator circulated his Award to the Members, determining that the reasonable period of time for implementation was 11 months and 2 weeks commencing 20 April 2005, expiring on 3 April 2006.

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**European Communities – Measures affecting the approval and marketing of biotech products, complaints by the United States (WT/DS291), Canada (WT/DS292) and Argentina (WT/DS293)**

*(For information relating to the establishment of this Panel, see WTO Annual Report 2004, p. 65 and WTO Annual Report 2005, p. 53.)*

On 21 December 2005, following a number of communications with the DSB on the date the Panel expected to be able to issue its final report, the Chairman of the Panel informed the DSB that the Panel estimated it would be in a position to issue its final report to the parties by the end of March 2006.

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**United States – Laws, regulations and methodology for calculating dumping margins ("zeroing"), complaint by the European Communities (WT/DS294)**

*(For information relating to the establishment of the Panel, see WTO Annual Report 2005, p. 53)*

On 31 October 2005, the Panel report was circulated to Members. In its report the Panel upheld the claims of the European Communities as they related to the specific determinations of dumping made by the United States Department of Commerce in the 15 original investigations at issue. The Panel also upheld the claims of the European Communities in respect of what was described by the Panel as the United States "methodology" of zeroing in original investigations. In doing so, the Panel found that the United States "methodology" of zeroing was a "norm" capable of being challenged in WTO dispute settlement proceedings. The Panel rejected the claims of the European Communities with respect to United States law, finding that the provisions in question did not speak to the issue of zeroing. The Panel also rejected all of the claims of the European Communities in respect of reviews of existing measures. However, one member of the Panel dissented from this aspect of the Panel's findings. The dissenting member of the Panel would have upheld the claims of the European Communities as they related to the 16 specific determinations of dumping in reviews as well as the United States "methodology" of zeroing in the context of reviews. The dissenting member of the Panel would also have found one provision of a United States regulation to be WTO-inconsistent in respect of reviews.

At its meeting of 6 December 2005, following a joint request by the parties, the DSB agreed to extend the time period for the adoption of the panel report until 31 January 2006. On 17 January 2006, the European Communities notified its decision to appeal to the Appellate Body certain issues of law covered in the panel report and certain legal interpretations developed by the Panel. On 30 January 2006, the United States notified its decision to appeal to the Appellate Body certain issues of law covered in the panel report and certain legal interpretations developed by the Panel.

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**Mexico – Definitive anti-dumping measures on beef and rice, complaint by the United States (WT/DS295)**

*(For information relating to the establishment of the Panel, see WTO Annual Report 2004, p. 65.)*

On 6 June 2005, the Panel report was circulated to Members. The Panel upheld the United States' claims concerning both the injury and the dumping margin determination of the Mexican investigating authority in the rice investigation, applying judicial economy with respect to some other related claims. With regard to the claims concerning Mexico's Foreign Trade Act, as such, the Panel also found in favour of the United States on nearly all points. The Panel rejected the United States' claim with regard to Mexico's Federal Code of Civil Procedure.

On 20 July 2005, Mexico notified its decision to appeal certain issues of law covered in the panel report and certain legal interpretations developed therein. On 29 November 2005, the Appellate Body circulated its report to Members. In its report, the Appellate Body upheld, in large part, the Panel's findings, but it rejected the Panel's findings that Mexico

had acted inconsistently with Articles 6.1, 6.10, and 12.1 of the Anti-Dumping Agreement. At its meeting of 20 December 2005, the DSB adopted the Appellate Body report and Panel report, as modified by the Appellate Body report.

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**United States – Countervailing duty investigation on dynamic random access memory semiconductors (DRAMs) from Korea, complaint by Korea (WT/DS296)**

*(For details relating to the establishment of this Panel, see WTO Annual Report 2004, p.65 and WTO Annual Report 2005, p. 54.)*

On 21 February 2005, the Panel report was circulated to Members. The Panel found that the United States Department of Commerce (USDOC) did not properly determine that the Government of Korea “entrusted or directed” two groups of financial institutions to provide a financial contribution to Hynix Semiconductors, Inc., a Korean company exporting semiconductors to the US. The Panel also found that the United States International Trade Commission (USITC) did not properly ensure that injury to the United States domestic industry caused by decline in demand was not attributed to such subsidized imports. As a result the Panel found that the USDOC subsidy determination and countervailing duty order, as well as the USITC injury determination were inconsistent with Articles 1, 2 and 15.5 of the SCM Agreement. The Panel rejected six claims and exercised judicial economy on three claims advanced by Korea.

On 29 March 2005, the United States notified its intention to appeal certain issues of law and legal interpretations developed by the Panel. On 27 June 2005, the Appellate Body circulated its report to Members. In its report the Appellate Body modified the Panel’s interpretation of Article 1.1(a)(1)(iv) of the SCM Agreement and found errors in the Panel’s review of the evidence underlying the USDOC’s finding of entrustment or direction. The Appellate Body concluded that these errors undermined the Panel’s conclusion that the evidence could not support the USDOC’s finding of entrustment or direction and, therefore, reversed this conclusion, as well as the Panel’s finding of inconsistency with Article 1.1(a)(1)(iv). The Appellate Body further determined that it could not complete the analysis and make its own determination on whether the USDOC’s subsidy determination was consistent with Article 1.1(a)(1)(iv). The Appellate Body also reversed the Panel’s findings of inconsistency with Article 1.1(b) (benefit) and Article 2 (specificity) of the SCM Agreement because they were premised on the finding of inconsistency with Article 1.1(a)(1)(iv). The Appellate Body also found that the Panel had failed to comply with its obligations under Article 11 of the DSU to “make an objective assessment of the matter before it, including an objective assessment of the facts of the case”, inter alia, by failing to apply the proper standard of review. As a result of the Appellate Body’s reversals, there remained no findings of WTO-inconsistency with respect to the USDOC’s subsidy determination. The sole finding of WTO-inconsistency in the dispute related to the USITC’s injury determination and Article 15.5 of the SCM Agreement; this finding of the Panel had not been appealed by the United States. At its meeting on 20 July 2005, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report. At the DSB meeting on 3 August 2005, the United States announced its intention to implement the DSB’s recommendations and rulings in this case, and said that it would need a reasonable period of time to do so. On 7 November 2005, the parties informed the DSB that they had mutually agreed that the reasonable period of time would be 7 months and 16 days, expiring on 8 March 2006.

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**European Communities – Countervailing measures on dynamic random access memory chips from Korea, complaint by Korea (WT/DS299)**

*(For information relating to the establishment of this Panel, see WTO Annual Report 2004, p.66 and WTO Annual Report 2005, p. 54.)*

On 17 June 2005, the Panel report was circulated to Members. The Panel rejected most of Korea’s claims with regard to the question of subsidization, and found that for three of the five programmes the European Communities determinations of financial contribution and benefit were consistent with the SCM Agreement. The Panel upheld Korea’s claims with respect to the so-called “grant methodology” applied by the European Communities for calculating the amount of the benefit which it had found to be inconsistent with the SCM Agreement. In respect of the injury determination, the Panel also rejected most of Korea’s claims. However, the Panel did uphold Korea’s claim that the European Communities had failed to examine the factor “wages” as a relevant factor affecting the domestic industry. The Panel also found against the European Communities with regard to the investigating authority’s causation analysis, which the Panel considered not to have complied with the requirement not to attribute injury caused by other factors to the subsidized imports.

At its meeting on 3 August 2005, the DSB adopted the Panel report. At the DSB meeting on 31 August 2005, the European Communities announced its intention to fully comply with the DSB’s recommendations and rulings in this case. On 12 October 2005,

the parties informed the DSB that they had agreed, pursuant to Article 21.3(b) of the DSU, that the reasonable period of time for the European Communities to implement the recommendations and rulings of the DSB would be eight months, expiring on 3 April 2006.

### **European Communities – Measures affecting trade in commercial vessels, complaint by Korea (WT/DS301)**

*(For information relating to the establishment of the panel, see WTO Annual Report 2005, p. 54.)*

On 22 April 2005, the Panel report was circulated to Members. The Panel found that since the subsidies authorized under the Temporary Defence Mechanism (TDM regulation) were not covered by Article III:4 of the GATT 1994, by virtue of Article III:8(b), they were also not covered by the phrase “all matters referred to in paragraphs 2 and 4 of Article III” in Article I:1. Regarding Korea’s claim under Article 32.1 of the SCM Agreement, although it found that the measures at issue were “specific” within the meaning of that provision as interpreted by the Appellate Body, the Panel considered that the measures at issue did not constitute action “against” a subsidy of another Member as that term has been interpreted by the Appellate Body. Consequently, Panel rejected the claims of Korea that the measures at issue were in breach of Articles I and III of the GATT 1994 and Article 32.1 of the SCM Agreement. Regarding Korea’s claim under Article 23.1 of the DSU, the Panel found that the European Communities had adopted the TDM regulation in response to what it considered to be a violation by Korea of its obligations under the SCM Agreement and that the Communities was seeking to induce Korea to remove its allegedly WTO-inconsistent subsidies. Accordingly, the Panel concluded that the European Communities had acted inconsistently with Article 23.1 of the DSU.

On 20 June 2005, the Panel report was adopted by the DSB. At the DSB meeting of 20 July 2005, the European Communities informed the DSB that it had implemented the DSB’s recommendations and rulings in this case, as the TDM regulation had not been renewed when it expired on 31 March 2005. With respect to national schemes, the European Communities stated that since the TDM regulation was no longer in force, members states could no longer grant operating aid.

### **Dominican Republic – Measures affecting the importation and internal sale of cigarettes, complaint by Honduras (WT/DS302)**

*(For a description of the establishment of the Panel, see WTO Annual Report 2004, p. 66; for an account of the Panel’s findings, see WTO Annual Report 2005, p. 54.)*

On 25 April 2005, the report of the Appellate Body was circulated to Members. The Appellate Body upheld the Panel’s findings. More specifically, the Appellate Body: (a) upheld the Panel’s finding that the stamp requirement imposed on cigarettes by the Dominican Republic is inconsistent with Article III:4 of GATT 1994 and not justified under the exception of Article XX(d); (b) upheld the Panel’s finding that Honduras failed to demonstrate that the bond requirement imposed on cigarette importers by the Dominican Republic violated Article III:4 of GATT 1994; and, (c) rejected the appeal regarding the Panel’s alleged failure to conduct an objective assessment of the matter.

At its meeting on 19 May 2005, the DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report.

At the DSB meeting on 13 June 2005, the Dominican Republic announced its intention to implement the recommendations and rulings of the DSB, and indicated that it would need a reasonable period of time to do so. The parties failed to agree on a reasonable time of period for implementation in accordance with Article 21.3(b) of the DSU. On 12 July 2005, Honduras requested that the reasonable period of time be determined through binding arbitration pursuant to Article 21.3(c) of the DSU. On 29 July 2005, the parties requested that the arbitration proceedings be suspended so as to allow the parties to further explore the possibility of reaching an agreement on a reasonable period of time for implementation. On 4 August 2005, the Arbitrator agreed to treat the matter as suspended until further notice. On 16 August 2005, the parties jointly informed the Arbitrator that they had agreed on the reasonable period of time for the Dominican Republic to bring its measures into conformity. On 29 August 2005, the Arbitrator’s report was circulated to the Members.

### **Mexico – Tax measures on soft drinks and other beverages, complaint by the United States (WT/DS308)**

*(For information relating to the establishment of the Panel, see WTO Annual Report 2005, p. 54.)*

On 7 October 2005, the report of the Panel was circulated to Members. As a preliminary issue, Mexico requested that the Panel decline to exercise its jurisdiction in this case in favour of an Arbitral Panel established under Chapter Twenty of the North American Free

Trade Agreement (the “NAFTA”). The Panel declined Mexico’s request explaining that, under the DSU, it had no discretion to decide whether or not to exercise its jurisdiction in a case properly before it. In respect of the disputed measures, the Panel found the soft drink tax and the distribution tax, as imposed on imported sweeteners and on imported soft drinks and syrups were inconsistent with Article III:2 of GATT 1994. They also found that the soft drink tax, the distribution tax and the bookkeeping requirements, as imposed on imported sweeteners, are inconsistent with Article III:4 of GATT 1994. Finally, the Panel determined that these measures were not justified under Article XX(d) of GATT 1994.

On 6 December 2005, Mexico notified its decision to appeal to the Appellate Body certain issues of law dealt with in the Panel report and certain legal interpretations developed by the Panel.

On 6 March 2006, the report of the Appellate Body was circulated to Members. The Appellate Body held that the Panel did not err in rejecting Mexico’s request that it decline to exercise jurisdiction. The Appellate Body also upheld, albeit for different reasons, the Panel’s finding that Mexico’s measures do not constitute measures “to secure compliance with laws or regulations” within the meaning of Article XX(d) of the GATT 1994 because that provision does not permit WTO Members to take measures that seek to secure compliance by another Member of that other Member’s international obligations.

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### **Korea – Anti-dumping duties on imports of certain paper from Indonesia, complaint by Indonesia (WT/DS312)**

*(For information relating to the establishment of the panel, see WTO Annual Report 2005, p. 55.)*

On 28 October 2005, the Panel report was circulated to Members. In its report the Panel found that the Korea Trade Commission (the KTC) acted inconsistently with relevant provisions of the Anti-Dumping Agreement in determining the margin of dumping for one Indonesian company, in failing to provide a proper disclosure of the verification results and the details of the calculations of the constructed normal values for two Indonesian companies, and in also failing to exercise special circumspection in the use of information from secondary sources instead of domestic sales data provided by these two Indonesian companies. With respect to the KTC’s injury determination, the Panel found that the KTC erred in its assessment of the impact of dumped imports on the domestic industry and in not requiring that good cause for confidential treatment be shown regarding the information submitted in the application which was by nature confidential. The Panel concluded that the KTC did not act inconsistently with the relevant Articles of the Agreement in resorting to facts available with respect to two Indonesian companies, in rejecting the domestic sales data submitted by these two companies, in using constructed normal values for them, in treating three Indonesian companies belonging to the same Group as a single exporter and assigning a single margin of dumping to them. With respect to the KTC’s injury determination, the Panel also concluded that the KTC did not err in its price analysis, in its treatment of the dumped imports made by the Korean producers from the subject countries and in disclosing its determination concerning the effect of the prices of dumped imports on the Korean industry.

At its meeting on 28 November 2005, the DSB adopted the report of the Panel. At the DSB meeting on 20 December 2005, Korea stated that they would need a reasonable period of time to implement the DSB recommendations and rulings and that they were ready to consult with Indonesia. On 10 February 2006, the parties informed the DSB that they had agreed that the reasonable period of time would be eight months, expiring on 28 July 2006.

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### **European Communities – Selected customs matters, complaint by the United States (WT/DS315)**

On 21 September 2004, the United States requested consultations with the European Communities concerning its administration of laws and regulations, judicial decisions and administrative rulings pertaining to the classification and valuation of products for customs purposes and to requirements, restrictions or prohibitions on imports and its failure to institute judicial, arbitral or administrative tribunals or procedures for the purpose, *inter alia*, of the prompt review and correction of administrative action on customs matters. According to the request for consultations from the United States, the non uniform administration by the European Communities of the aforementioned laws, regulations, etc. results in disparate administration among the member States of these customs measures in a number of respects, including differences in the classification and valuation of goods. In addition, the United States claims that EC appeals procedures vary from member State to member State, and that the ability to obtain review of a customs decision by a tribunal of the European Communities is possible only after an importer or other interested party has exhausted review by national administrative and/or judicial tribunals. The United States considers this

manner of administering the laws, regulations and related measures and the foregoing arrangement to be inconsistent with the European Communities' obligations under Articles X:1, X:3(a) and (b) of GATT 1994.

On 6 October 2004, Australia, Japan and Brazil requested to join the consultations. On 7 October 2004, Argentina, Chinese Taipei and India requested to join the consultations. On 13 January 2005, the United States requested the establishment of a panel. At its meeting on 21 March 2005, the DSB established the panel. Argentina; Australia; Brazil; China; Chinese Taipei; Hong Kong, China; India; Japan; and Korea reserved their third party rights.

On 17 May 2005, the United States requested the Director-General to compose the panel. On 27 May 2005, the Director-General composed the panel. On 24 November 2005, the Chairman of the Panel informed the DSB that the Panel hoped to complete its work by the end of March 2006.

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#### **European Communities and certain member States – Measures affecting trade in large civil aircraft, complaint by the United States (WT/DS316)**

On 6 October 2004, the United States requested consultations with the Governments of Germany, France, the United Kingdom, and Spain (the "member States"), and with the European Communities concerning measures affecting trade in large civil aircraft. According to the request for consultations, measures by the European Communities and the member States provide subsidies that are inconsistent with their obligations under the SCM Agreement and GATT 1994. The measures include: the provision of financing for design and development to Airbus companies (launch aid); the provision of grants and government-provided goods and services to develop, expand, and upgrade Airbus manufacturing sites for the development and production of the Airbus A380; the provision of loans on preferential terms; the assumption and forgiveness of debt resulting from launch and other large civil aircraft production and development financing; the provision of equity infusions and grants; the provision of research and development loans and grants in support of large civil aircraft development, directly for the benefit of Airbus, and any other measures involving a financial contribution to the Airbus companies. The subsidies in question include those relating to the entire family of Airbus products (A300 through the A350). The United States further considers that certain launch aid provided for the A340 and A380 appear to be illegal export subsidies in contravention of certain provisions of Article 3 of the SCM Agreement. The United States further claims that the measures appear to be causing adverse effects to the United States in a manner contrary to the provisions of Articles 5 and 6 of the SCM Agreement and Article XVI:1 of GATT 1994.

On 31 May 2005, the United States requested the establishment of a panel. At its meeting on 13 June 2005, the DSB deferred the establishment of a panel. At its meeting on 20 July 2005, the DSB established a panel. Australia, Brazil, Canada, China, Japan and Korea reserved their third-party rights. At its 23 September 2005 meeting, the DSB initiated the procedures provided in Annex V of the SCM Agreement. On 7 October 2005, the United States requested the Director-General to compose the panel. On 17 October 2005, Deputy Director-General Alejandro Jara, acting in place of the Director-General, composed the panel. On 31 January 2006, the United States requested additional consultations.

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#### **United States – Measures affecting trade in large civil aircraft, complaint by the European Communities (WT/DS317)**

On 6 October 2004, the European Communities requested consultations with the United States concerning prohibited and actionable subsidies provided to US producers of large civil aircraft (LCA) and in particular the BOEING company, as well as legislation, regulations, statutory instruments and amendments thereto providing such subsidies, grants, and any other assistance to the US producers (US LCA industry). According to the request for consultations from the European Communities, the measures cited in its complaint, including certain legislation, regulations, statutory instruments and amendments thereto provide prohibited and actionable subsidies, grants, and other assistance to US producers of large civil aircraft, particularly the Boeing company, contrary to certain provisions of Articles 3.1(a) and (b), 3.2, 5(a) and (c), and 6.3(a), (b) and (c) of the SCM Agreement and Article III:4 of GATT 1994. The measures cited in the European Communities complaint include specified state and local subsidies for the production of the Boeing 7E7; specified NASA research and development subsidies; specified Department of Defence research and development subsidies; specified National Institute of Standards and Technology subsidies; FSC/ETI subsidies; research and experimentation tax credits; NASA procurement contracts, and other subsidies. The European Communities considers that the cited US, state, and local statutes, regulations, and administrative procedures are inconsistent with above-mentioned provisions of the SCM Agreement and GATT 1994. The European Communities further notes that the use of these measures causes adverse effects (i.e. serious prejudice or a threat of

serious prejudice) to the interests of the European Communities and material injury or threat of material injury to the European Communities large civil aircraft industry in a manner that violates US obligations under provisions of Articles 5 and 6 of the SCM Agreement.

On 31 May 2005, the European Communities requested the establishment of a panel. At its meeting on 13 June 2005, the DSB deferred the establishment of a panel. On 27 June 2005, the European Communities requested additional consultations. At its meeting on 20 July 2005, the DSB established a panel. Australia, Brazil, Canada, China, Japan and Korea reserved their third-party rights. At its 23 September 2005 meeting, the DSB initiated the procedures provided in Annex V of the SCM Agreement. On 7 October 2005, the European Communities requested the Director-General to compose the panel. On 17 October 2005, Deputy Director-General Alejandro Jara, acting in place of the Director-General, composed the panel. On 20 January 2006, the European Communities requested the establishment of a panel in relation to the additional consultations it requested on 27 June 2005. Having deferred the establishment of a panel on 2 February 2006, the DSB established a panel at its meeting on 17 February 2006. Australia, Brazil, Canada, China and Japan reserved their third-party rights at the meeting. Subsequently, Korea reserved its third-party rights.

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#### **United States – Continued suspension of obligations in the EC – Hormones dispute complaint by the European Communities WT/DS320**

On 8 November 2004, the European Communities filed a request for consultations with the United States asserting that the United States should have removed its retaliatory measures since the European Communities had removed the measures found to be WTO-inconsistent in the *EC – Hormones* case. The European Communities considers that the continued use by the United States retaliatory measures in this case amounts to violations of Articles I and II of GATT 1994, and Articles 21.5, 22.8, 23.1 and 23.2 (a) and (c) of the DSU.

On 17 November 2004, Canada requested to join the consultations. On 19 November 2004, Australia and Mexico requested to join the consultations. On 16 December 2004, the United States informed the DSB that it had accepted the request of Canada to join the consultations.

On 13 January 2005, the European Communities requested the establishment of a panel. At its meeting on 17 February 2005, the DSB established a panel. Australia, Brazil, Canada, China, Chinese Taipei, India, Mexico, New Zealand and Norway reserved their third party rights. On 23 February 2005, reserved its third party rights. On 27 May 2005, the European Communities requested the Director General to compose the panel. On 6 June 2005, the Director-General composed the panel. The first substantive meeting of the Panel with the parties took place on 12-15 September 2005 and was open to observation by the public, the first time this has happened in a WTO dispute settlement proceeding.

On 20 January 2006, the Chairman of the Panel informed the DSB that due to the complexity of the dispute, and the administrative and procedural matters involved, the Panel would not be able to complete its work in six months. Based on a current assessment of the process, the Panel expects to issue its final report to the parties in the course of October 2006.

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#### **Canada – Continued suspension of obligations in the EC – Hormones dispute, complaint by the European Communities (WT/DS321)**

On 8 November 2004, the European Communities filed a request for consultations with Canada asserting that Canada should have removed its retaliatory measures since the European Communities had removed the measures found to be WTO-inconsistent in the *EC – Hormones* case. The European Communities considered that the continued use by Canada of retaliatory measures violated Articles I and II of GATT 1994, and Articles 21.5, 22.8, 23.1 and 23.2 (a) and (c) of the DSU. On 19 November 2004, Australia, Mexico and the United States requested to join the consultations. On 14 December 2004, Canada informed the DSB that it had accepted the request of the United States to join the consultations.

On 13 January 2005, the European Communities requested the establishment of a panel. At its meeting on 17 February 2005, the DSB established a panel. Australia, Brazil, China, India, Mexico, Chinese Taipei, New Zealand, Norway and the United States reserved their third-party rights. On 27 May 2005, the European Communities requested the Director General to compose the panel. On 6 June 2005, the Director-General composed the panel. The first substantive meeting of the Panel with the parties took place on 12-15 September 2005 and was open to observation by the public, the first time this has happened in a WTO dispute settlement proceeding.

On 20 January 2006, the Chairman of the Panel informed the DSB that due to the complexity of the dispute, and the administrative and procedural matters involved, the panel would not be able to complete its work in six months. Based on the current assessment of the process, the panel expects to issue its final report to the parties in the course of October 2006.

### **United States – Measures relating to zeroing and sunset reviews, complaint by Japan WT/DS322**

On 24 November 2004, Japan requested consultations with the United States concerning: (1) the United States' Department of Commerce's (USDOC) "zeroing" practice in anti-dumping investigations, administrative reviews, sunset reviews, and also in assessing the final anti-dumping duty liability on entries upon liquidation; (2) the USDOC's "irrefutable presumption" in sunset reviews; and (3) the waiver provisions of US law, which, in sunset reviews, oblige the USDOC, in certain situations, to find a likelihood of continuation or recurrence of dumping without performing a substantive review.

Japan considers that these measures are inconsistent with various provisions of the Anti-Dumping Agreement; Articles VI:1 and VI:2 of the GATT; and Article XVI:4 of the WTO Agreement. On 3 December 2004, India requested to join the consultations. On 8 December 2004, Norway, Argentina, Chinese Taipei, the European Communities and Mexico requested to join the consultations.

On 4 February 2005, Japan requested the establishment of a panel. At its meeting on 28 February 2005, the DSB established the panel. Argentina; China; the European Communities; Hong Kong, China; India; Korea; Mexico; New Zealand; Norway and Thailand reserved their third party rights. On 7 April 2005, Japan requested the Director-General to compose the panel. On 15 April 2005, the Director-General composed the panel.

On 15 November 2005, the Panel informed the DSB that it hoped to complete its work by March 2006.

### **Japan – Import quotas on dried laver and seasoned laver, complaint by Korea (WT/DS323)**

On 1 December 2004, Korea requested consultations with Japan concerning Japan's import quotas on dried laver and seasoned laver considering that Japan's import quotas on dried laver and seasoned laver were inconsistent with, *inter alia*, Articles X.3 and XI of the GATT 1994; Article 4.2 of the Agreement on Agriculture; and Article 1.2 and 1.6 of the Agreement on Import Licensing Procedures.

On 4 February 2005, Korea requested the establishment of a panel. At its meeting on 21 March 2005, the DSB established the panel. China, the European Communities and the United States reserved their third party rights. On 31 March 2005, New Zealand reserved its third party rights. On 18 May 2005, Korea requested the Director-General to compose the panel. On 30 May 2005, the Director-General composed the panel.

On 23 January 2006, Korea and Japan informed the DSB of a mutually agreed solution under Article 3.6 of the DSU. A brief panel report noting the settlement was circulated to Members on 1 February 2006, in accordance with the provisions of Article 12.7 of the DSU.

### **Egypt – Anti-Dumping Duties on Matches from Pakistan, complaint by Pakistan (WT/DS327)**

On 21 February 2005, Pakistan requested consultations with Egypt regarding definitive anti-dumping duties imposed by Egypt on matchboxes from Pakistan pursuant to Decree No. 667/2003 of 18 November 2003. According to Pakistan, these measures appeared to be inconsistent with Egypt's obligations under the GATT 1994 and the Anti-Dumping Agreement.

On 9 June 2005, Pakistan requested the establishment of a panel. At its meeting on 20 July 2005, the DSB established a panel. China, the European Communities, Japan and the United States reserved their third-party rights.

### **Mexico – Anti-Dumping Duties on Steel Pipes and Tubes from Guatemala, complaint by Guatemala (WT/DS331)**

On 17 June 2005, Guatemala requested consultations with Mexico concerning the definitive anti-dumping duties imposed by Mexico on imports of steel pipes and tubes from Guatemala and the investigation leading thereto. According to Guatemala, the anti-dumping duties concerned and the investigation leading thereto are inconsistent with Mexico's obligations under, *inter alia*, Article VI of the GATT 1994; and a number of provisions of the Anti-Dumping Agreement.

On 6 February 2006, Guatemala requested the establishment of a panel. At its meeting on 17 March 2006, the DSB established a panel. China, the European Communities, Honduras, Japan and the United States reserved their third-party rights.

### **Brazil – Measures affecting imports of retreaded tyres, complaint by the European Communities (WT/DS332)**

On 20 June 2005, the European Communities requested consultations with Brazil on the imposition of measures that affected exports of retreaded tyres from the European Communities to the Brazilian market. The European Communities considered that the

measures were inconsistent with Brazil's obligations under Articles I:1, III:4, XI:1 and XIII:1 of the GATT 1994. On 4 July 2005, Argentina requested to join the consultations. On 20 July 2005, Brazil accepted Argentina's request to join the consultations.

On 17 November 2005, the European Communities requested the establishment of a panel. At its meeting on 20 January 2006, the DSB established a panel. Argentina, Australia, Japan, Korea and the United States reserved their third party rights at the meeting. Subsequently, China, Cuba, Guatemala, Mexico, Paraguay, Chinese Taipei and Thailand reserved their third party rights.

#### **Turkey – Measures Affecting the Importation of Rice, complaint by the United States (WT/DS334)**

On 2 November 2005, the United States requested consultations with Turkey concerning the latter's import restrictions on rice from the United States. According to the request, Turkey requires an import licence to import rice but fails to grant such licences to import rice at Turkey's bound rate of duty. According to the request, Turkey also operates a tariff-rate quota for rice imports requiring that, in order to import specified quantities of rice at reduced tariff levels, importers must purchase specified quantities of domestic rice, including from the Turkish Grain Board (TMO), Turkish producers, or producer associations ("the domestic purchase requirement"). The request lists more than ten measures through which Turkey has allegedly maintained the foregoing restrictions on rice imports. The United States considers that the foregoing measures are inconsistent with certain provisions of the TRIMs Agreement; Articles III and XI:1 of the GATT 1994; Article 4.2 of the Agriculture Agreement; and a number of provisions of the Import Licensing Agreement. On 16 November 2005, Australia and Thailand requested to join the consultations.

On 6 February 2006, the United States requested the establishment of a panel. At its meeting on 17 March 2006, the DSB established a panel. Argentina, Australia, China, Egypt, the European Communities, Korea and Thailand reserved their third-party rights.

Table II.6

#### **Requests for consultations<sup>19</sup>**

| <b>Dispute</b>  | <b>Complainant</b>   | <b>Date of request</b> |
|---|----------------------|------------------------|
| United States – Anti-Dumping Determinations regarding Stainless Steel from Mexico (WT/DS325)                | Mexico               | 5 January 2005         |
| Argentina – Countervailing Duties on Olive Oil, Wheat Gluten and Peaches (WT/DSS330)                        | European Communities | 29 April 2005          |
| Dominican Republic – Foreign Exchange Fee Affecting Imports from Costa Rica (WT/DS333)                      | Costa Rica           | 12 September 2005      |
| United States – Anti-Dumping Measure on Shrimp from Ecuador (WT/DS335)                                      | Ecuador              | 17 November 2005       |
| Japan – Countervailing Duties on Dynamic Random Access Memories from Korea (WT/DS336)                       | Korea                | 14 March 2006          |
| European Communities Anti-Dumping Measure on Farmed Salmon from Norway (WT/DS337)                           | Norway               | 17 March 2006          |
| Canada – Provisional Anti-Dumping and Countervailing Duties on Grain Corn from the United States (WT/DS338) | United States        | 17 March 2006          |

## **Special arbitrations**

#### **European Communities – the ACP-EC Partnership Agreement – Recourse to arbitration pursuant to the Decision of 14 November 2001 (WT/L/616)**

An arbitration was initiated on 2 May 2005, pursuant to the procedures set out in the Annex to the Decision contained in one of the two Waivers agreed in Doha in order to allow preferences in favour of ACP countries in the context of the so-called Cotonou Agreement. This arbitration proceeding relates to the waiver of the EC's obligations under Article I of GATT 1994 (MFN treatment). According to the Waiver Annex, "The mandate of the arbitrator shall be to determine, within 90 days of his appointment, whether the envisaged rebinding of the EC tariff on bananas would result in at least maintaining total market access for MFN banana suppliers, taking into account the above-mentioned EC commitments." The parties to this arbitration were European Communities on the one hand and Bolivarian Republic of Venezuela, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua and Panama ("the Interested Parties"), on the other hand.

In addition, a number of ACP banana exporting countries were invited to participate in the proceedings, at their request, in a limited manner.

This procedure concerned the European Communities' proposed new tariff of €230 per metric tonne for bananas from MFN suppliers. The new tariff was to replace the current

<sup>19</sup> 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.

tariff of €75 per metric tonne as well as the current tariff rate quotas and licences and was to come into effect on 1 January 2006. This rebinding was to take place in the context of the European Communities' move to a "tariff-only" regime for bananas, which is an aspect of the changes the European Communities was to implement in its banana regime following the *EC – Bananas III* dispute settlement rulings.

The award in this arbitration proceeding was issued to Members on 1 August 2005. In summary, the Arbitrator found that: (i) The mandate provided in the Annex to the Doha Waiver for this arbitration required the Arbitrator to determine whether the new tariff binding on bananas proposed by the EC, namely, €230 per metric ton, would preserve, at a minimum, the effective opportunities to enter the EC banana market afforded to MFN suppliers by the existing conditions of entry in the period prior to the rebinding. This analysis must factor in not only bound commitments, but all other aspects of the EC's import regime for bananas, *as applied*; (ii) Absent any adjustment to account for the impact of the rebinding on the margin of preference accorded to ACP suppliers, the price gap methodology used by the EC to arrive at its envisaged rebinding lead to an outcome that would not result in at least maintaining total market access for MFN banana suppliers; and (iii) The internal price used by the EC in its calculations in order to arrive at its envisaged rebinding did not reflect as accurately as possible the actual prices at which bananas are sold on the EC market. On the basis of its analysis, the Arbitrator determined that the EC's envisaged rebinding on bananas "would not result in at least maintaining total market access for MFN banana suppliers, taking into account all EC WTO market access commitments relating to bananas."

According to the Waiver Annex, the European Communities had ten days to "enter into consultations with those interested parties that requested the arbitration." If no mutually satisfactory solution was found, another arbitration with the same arbitrator may be requested by any of the parties. The Arbitrator would then have to determine, within 30 days of the new request, "whether the EC has rectified the matter." (See below for details of the second arbitration)

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#### **European Communities – the ACP-EC Partnership Agreement – Second recourse to arbitration pursuant to the Decision of 14 November 2001 (WT/L/625)**

In a communication from the parties, dated 24 August 2005, the Arbitrator was informed that the European Communities, in accordance with the procedures set out in the Annex to the Doha Waiver, had entered into consultations with the Interested Parties within ten days of the notification of the first arbitration award to the General Council. On 13 September 2005, the European Communities notified the Interested Parties that it had revised its proposal to provide as from 1 January 2006 for an MFN tariff for bananas at €187 per metric ton and a tariff quota for ACP countries of 775,000 metric tons per year at zero duty. The Arbitrator was also informed that a waiver from the obligations of GATT Article XIII has been sought by the European Communities to cover the TRQ until the end of 2007. On 26 September 2005, the European Communities notified the Arbitrator that, after consultations with the Interested Parties, it did not see any prospects for a mutually satisfactory solution in due time for the new tariff to be implemented on 1 January 2006. It therefore requested a second arbitration to start in accordance with the Doha Waiver Annex.

The Arbitrator first addressed a request by some of the Interested Parties for a preliminary ruling "that the EC is not legally entitled to initiate the second arbitration". The Arbitrator declined to grant such a preliminary ruling on the grounds, *inter alia*, that the manner in which the precondition (i.e. "the absence of a mutually satisfactory solution") for such a request was phrased in the Waiver Annex confirmed that any of the parties could have requested recourse to a second arbitration.

In respect of a second arbitration request, the Annex to the Doha Waiver provides that the Arbitrator would determine "whether the EC has rectified the matter". The European Communities proposed to "rectify the matter" by applying a tariff on MFN imports of bananas of €187/tonne, for which it would modify its Schedule, and opening an annual tariff rate quota (TRQ) of 775,000 tonnes for imports originating in ACP countries with an in-quota duty of zero. The TRQ would be managed on the basis of the historical system of license allocation, as under the current regime. The parties agreed, and the Arbitrator found, that its mandate in this matter was to determine whether the European Communities had "rectified the matter" in the light of the first award, such that the new proposed rebinding would result in at least maintaining total market access for MFN suppliers, taking into account all of the EC's WTO market access commitments relating to bananas.

None of the Interested Parties disputed that the proposed tariff of €187/mt, in itself, constituted an "envisaged rebinding". The European Communities also identified the tariff quota as a second element in its proposal to "rectify the matter". The Interested Parties

argued that because this tariff quota was not an “envisaged rebinding”, it could not be considered by the Arbitrator.

The award in the arbitration proceeding was circulated to Members on 27 October 2005. The Arbitrator found it necessary to consider not only the European Communities’ proposed increase in the extent of the ACP tariff preference from €75 to €187/mt, but also the effect of the proposed “cap” on that preference in the form of a specific tariff quota of 775,000 mt, in order to assess whether the European Communities’ envisaged rebinding, would result in at least maintaining total market access for MFN banana suppliers so as to “rectify the matter”. The Arbitrator emphasized that it made no finding as to the WTO consistency or otherwise of the proposed tariff quota on imports from ACP countries. It also made no determination as to the likelihood of the requested waiver being granted or not. Based on its consideration of all relevant factors, and bearing in mind the absence of perfect price data for bananas, the Arbitrator concluded that the European Communities’ calculations did not reflect as accurately as possible the actual difference between internal and external prices, such that the results of the price gap calculation *overstated* the level of the price gap. On this basis, the Arbitrator found that the proposed tariff rebinding of €187/mt would not result in at least maintaining total market access for MFN banana suppliers, regardless of whether or not a tariff quota of 775,000 mt was applied to banana imports of ACP origin and regardless of what supply response could be expected from the Everything But Arms (“EBA”) beneficiaries to the margin of preference resulting from the proposed tariff. The Arbitrator made no substantive findings in respect of the tariff quota or the EBA. Consequently, the Arbitrator found that the European Communities had failed to rectify the matter, in accordance with the fifth tiret of the Annex to the Doha Waiver.

On 30 November 2005, Honduras, Nicaragua and Panama requested consultations regarding the new EC Council Regulation governing the import regime for bananas, which was adopted on 29 November 2005. (For further information, see WT/DS27 above.)

## Appellate Body re-appointments

On 12 December 2005, Mr. Luiz Olavo Baptista, Mr. John Lockhart and Mr. Giorgio Sacerdoti each commenced a second four-year term of office, having been re-appointed by the DSB at its meeting on 27 September 2005. These re-appointments were made following informal consultations between the DSB Chair and WTO Members. Sadly, Mr. Lockhart passed away on 13 January 2006, after a brief illness. In the words of his colleagues and staff of the Appellate Body Secretariat: “We admired John and held him in the highest esteem. We all benefited immeasurably from working with him.”

Mr. Arumugamangalam Venkatachalam Ganesan was elected by his colleagues to serve as Chairman of the Appellate Body from 17 December 2005, for a period of one year. Rule 5 of the Working Procedures for Appellate Review provides that the Chairman of the Appellate Body, who is elected by the Appellate Body Members, shall be responsible for the overall direction of Appellate Body business.

## DSU negotiations

In 2005, the DSB continued to meet in Special Session, with the aim of agreeing on “improvements and clarifications” to the DSU. Throughout this period, the work of the Special Session was based primarily on initiatives by Members to work among themselves in an effort to develop areas of convergence to present to the Special Session as a whole.

In this context, a number of contributions were put forward by various Members and groups of Members and the Chairman, Ambassador Spencer of Australia, reported to the TNC that the DSB Special Session had had constructive discussions based on these contributions. Specifically, contributions relating to remand, sequencing, post-retaliation, third-party rights, flexibility and Member control, panel composition, time-savings and transparency were put forward and discussed in this period. In addition, some Members indicated that they were working on other issues.

In his report to the TNC prior to the Hong Kong Ministerial Conference, the Chairman noted that in the further work of the Special Session, the onus would remain on participants in the negotiations to continue to develop areas of convergence so as to lay the basis for a final agreement to improve and clarify the DSU.<sup>20</sup>

At the Hong Kong Ministerial Conference, Ministers took note “of the progress made in the Dispute Settlement Understanding negotiations as reflected in the report by the Chairman of the Special Session of the Dispute Settlement Body to the Trade Negotiations Committee (TNC) and direct[ed] the Special Session to continue to work towards a rapid conclusion of the negotiations.”<sup>21</sup>

<sup>20</sup> See Reprt by the Chairman to the TNC, TN/DS/14.

<sup>21</sup> See Ministerial Declaration, paragraph 34, WT/MIN(05)/DEC.

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## IX. 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 of 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 2003, the TPRB was chaired by Ambassador Mary Whelan (Ireland).

Under the TPRM, the four largest trading entities (at present, the European Union (EU), the United States, Japan and China) 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.

By the end of 2004, a total of 197 reviews had been conducted, covering 114 WTO Members, with Canada, the European Union and the United States having been reviewed seven times and Japan six times; nine Members (Australia; Brazil; Hong Kong, China; Indonesia; Republic of Korea; Norway; Singapore; Switzerland and Thailand), four times; four Members (Chile, India, Malaysia, Mexico,), three times and 39 Members, twice. During 2004, the TPRB carried out 16 reviews of: in chronological order, United States, Gambia, Sri Lanka, Singapore, Benin, Burkina Faso, Mali, Belize, Suriname, Republic of Korea, Rwanda, Norway, European Union, Brazil, Liechtenstein and Switzerland. The Chairperson's concluding remarks for these reviews are included in Annex I. The programme for the year 2005 includes 18 reviews, including Japan for the seventh time.

Over the past few years, greater focus has been placed on reviews of least-developed countries, as encouraged by the November 1997 High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development. By the end of 2004, TPR reviews had covered 22 of the 32 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 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 that have an impact on the multilateral trading system, on the basis of an Annual Report by the Director-General.

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 or the Director of the Trade Policies Review Division and in some cases by the Member under review. The summary observations of the Secretariat Report, the WTO press release, the concluding remarks by the Chair and TPR Reports are available immediately on the WTO website. 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.

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## X. Committee on Balance-of-Payments Restrictions

In his capacity as a Friend of the Chair of the Trade Negotiations Committee, the Chairman, Victor Echavarria Ugarte (Spain), convened the Committee to review the status of work on outstanding implementation issues under Paragraph 12 (b) of the Doha Ministerial Declaration. The Committee also met to hold its fourth annual review under China's Transitional Review Mechanism in accordance with paragraph 18 of China's Protocol of Accession.

### Committee on trade and development in special session

The July 2004 Decision<sup>22</sup> mandated the Special Session to 'expeditiously complete the review of all the outstanding Agreement-specific proposals and report to the General Council, with clear recommendations for a decision, by July 2005.' The Council also instructed the Committee "to address all other outstanding work, including on the cross-cutting issues, the monitoring mechanism and the incorporation of S&D treatment into the architecture of WTO rules" and to report, as appropriate, to the General Council. Furthermore, the Council asked "all WTO bodies to which proposals in Category II have been referred to expeditiously complete the consideration of these proposals and report to the General Council, with clear recommendations for a decision, as soon as possible and no later than July 2005". Following numerous consultations on how to take the work on S&D forward, Members agreed to begin with the consideration of the five remaining LDC Agreement-specific proposals and decide on the sequencing of the remaining work at a later stage.

During 2005, the Special Session held four formal meetings and a large number of informal meetings, at which work focused on the five remaining LDC Agreement-specific proposals. The proposals included one proposal on the Understanding in Respect of Waivers of Obligations under the GATT 1994, one proposal on the Agreement on Trade-Related Investment Measures and three proposals relating to the Decision on Measures in Favour of Least-Developed Countries. These proposals were, inter alia, seeking bound duty-free and quota-free market access for all products originating from all LDCs, flexibility in the TRIMs Agreement, simplification of the waiver process for LDCs and improved coherence agreements with other international organizations to ensure more targeted technical assistance and capacity-building programmes. By July 2005, despite continuous efforts to come to an agreement, the Special Session was not in a position to make recommendations on any of the Agreement-specific proposals. It was, therefore, proposed that the Special Session continue its work on the remaining Agreement-specific proposals and report on them with "clear recommendations for a decision" to the General Council by the Hong Kong Ministerial Conference. It was also proposed that the Special Session continue to monitor and coordinate its efforts with that of the negotiating groups and other WTO bodies to which the Category II proposals had been referred.

In the period after July 2005, intensive consultations resumed on the five remaining LDC proposals. While substantive progress was made in terms of narrowing the divergences, differences continued to persist on some key aspects of the proposals. Members could not agree on possible language for recommendations on any of the proposals by the Hong Kong Ministerial Conference. In fact, most Members felt that the remaining differences could only be addressed at the Ministerial level. Consequently, at the request of the LDCs, it was agreed that the text on the five proposals for inclusion in the draft Hong Kong Ministerial text should reflect, for each of the proposals, the LDCs preferred language as a separate option, followed by options reflecting other Members' views.

At Hong Kong, Members adopted recommendations on the five LDC proposals. These decisions are contained in Annex F of the Hong Kong Ministerial Declaration<sup>23</sup> and were adopted with the understanding that the text in sub-paragraph a(ii) of decision no. 36 on duty-free and quota-free market access for LDCs contained in Annex F was a framework and that developed Members and developing Members declaring themselves in a position to do so, should set out, by the end of 2006, the means by which they would implement the decision.

Ministers also directed the Special Session to complete the review of all the outstanding Agreement-specific proposals and report to the General Council, with clear recommendations for a decision, at the latest by December 2006. The Special Session was instructed to resume work on all other outstanding issues, including on the cross-cutting issues and to report on a regular basis to the General Council. The bodies to which the Category II proposals are being addressed, are also to complete consideration of those proposals and report periodically to the General Council, with the objective of ensuring that clear recommendations for a decision are made no later than December 2006.

<sup>22</sup> WT/L/579

## XII. Committee on trade and development

The Committee on Trade and Development in Regular Session (CTD) held four formal meetings in 2005 (52<sup>nd</sup> to 55<sup>th</sup> Sessions).<sup>23</sup> The Committee's 2005 Annual Report, contained in document WT/COMTD/55, provides a detailed account of all the activities of the CTD in 2005. Apart from receiving notifications regarding market access for developing and least-developed countries, the Committee considered: the WTO's technical assistance and training activities, the declining terms of trade for primary commodities and its implication to trade and development of primary commodity exporting countries, paragraph 51 of the Doha Declaration on identifying and debating developmental and environmental aspects of the negotiations in order to help achieve the objective of having sustainable development appropriately reflected, the development dimension of electronic commerce and the graduation of the Maldives from least-developed country (LDC) status. In order to assist the Committee with its requirement to keep under continuous review the participation of developing country Members in the multilateral trading system, the Secretariat prepared a report<sup>24</sup> highlighting salient features of developing economy trade in recent years. The findings of the report were presented to the Committee at its 53<sup>rd</sup> Session. During that session the Committee also listened to a presentation by a representative of the New Partnership for Africa's Development (NEPAD).

The WTO's technical assistance and training activities were discussed over the course of the year. At its 53<sup>rd</sup> Session, the Committee took note of the Annual Report on Training and Technical Cooperation – 1 January to 31 December 2004<sup>25</sup> – and the Technical Cooperation Audit Report for 2004<sup>26</sup> and adopted the Terms of Reference for the Strategic Review of WTO-provided Trade-Related Technical Assistance Activities.<sup>27</sup> Members took note at the 54<sup>th</sup> Session of the Semi-Annual Review of the Implementation of Activities – 1 January to 30 June 2005<sup>28</sup> – and adopted the Technical Assistance and Training Plan for 2006.<sup>29</sup> At the 55<sup>th</sup> Session, the Committee took note of the establishment of and work performed by the Steering Committee of the Strategic Review of WTO-provided Trade-Related Technical Assistance Activities, which resulted in the selection of a group of institutions to carry out the Strategic Review. The CTD also reviewed the report of the 38<sup>th</sup> Session of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO (JAG), held on 18-22 April 2005. The report<sup>30</sup> was presented by the Vice-Chairman of the JAG at the 53<sup>rd</sup> Session of the CTD.

The CTD is the WTO body which considers notifications under the Enabling Clause relating to market access for developing and least-developed countries. The Committee received in 2005 a notification of increased market access for developing countries from Norway<sup>31</sup>. The Committee also reviewed notifications concerning the Framework Agreement on Comprehensive Economic Cooperation between the Association of South East Asian Nations (ASEAN) and China,<sup>32</sup> the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China<sup>33</sup> and the Revised Treaty of the Economic Community of West African States.<sup>34</sup>

Discussion on the issue of the "Declining terms of trade for primary commodities, and its implication to trade and development of primary commodity exporting countries" continued at the 52<sup>nd</sup> Session based on a presentation by Malaysia on its experiences with commodities. The CTD deliberated at its 52<sup>nd</sup> and 53<sup>rd</sup> Sessions on how it would like to move forward with this agenda item. The desirability of further presentations by Members or relevant institutions was recognized. It was agreed to continue with such presentations in 2006.

Under the standing agenda item relating to paragraph 51 of the Doha Ministerial Declaration on identifying and debating the developmental aspects of the various negotiations in order to help achieve the objective of having sustainable development appropriately reflected, a presentation was made at the 52<sup>nd</sup> Session by the Secretariat on the developmental aspects of the negotiations on regional trade agreements. It was agreed at the 53<sup>rd</sup> Session that the Secretariat would prepare a background paper on the developmental aspects of the negotiations for the Committee's future discussion under this agenda item. The paper<sup>35</sup> was used as a basis for discussion at the 54<sup>th</sup> Session, and a revised version<sup>36</sup> was discussed at the 55<sup>th</sup> Session. The usefulness of periodic updates to the paper was recognized.

On the issue of electronic commerce, the Committee heard a presentation at its 53<sup>rd</sup> Session by a representative of the International Telecommunications Union (ITU) on the role of information and communications technologies in development. The Committee agreed to revert to this agenda item in the future only if requested to do so by Members. With regard to the graduation of the Maldives from LDC status, the Committee considered an intervention made by the representative of Maldives at the 53<sup>rd</sup> Session based on a submission by his delegation,<sup>37</sup> stating the view that, in light of the effects of the December 2004 tsunami, it was not appropriate for Maldives to be graduated at this time.

<sup>23</sup> Detailed reports of these meetings can be found in documents WT/COMTD/M/52-55. In the run-up to the December 2005 Ministerial Conference in Hong Kong, China, the CTD also met informally on two occasions to discuss a paragraph on commodity issues for inclusion in the Hong Kong Ministerial Declaration.

<sup>24</sup> WT/COMTD/W/136/Rev.1

<sup>25</sup> WT/COMTD/W/139 and Corr.1

<sup>26</sup> WT/COMTD/W/138

<sup>27</sup> WT/COMTD/W/140

<sup>28</sup> WT/COMTD/W/141 and Corr.1

<sup>29</sup> WT/COMTD/W/142 and Corr.1

<sup>30</sup> ITC document ITC/AG/(XXXVIII)/204

<sup>31</sup> WT/COMTD/N/6/Add.3

<sup>32</sup> WT/COMTD/N/20 and WT/COMTD/51

<sup>33</sup> WT/COMTD/N/20/Add.1 and WT/COMTD/51/Add.1

<sup>34</sup> WT/COMTD/N/21 and WT/COMTD/54

<sup>35</sup> WT/COMTD/W/143

<sup>36</sup> WT/COMTD/W/143/Rev.1

<sup>37</sup> WT/COMTD/52

The Chairman summed up the ensuing discussion by remarking that while there was much understanding and sympathy among WTO Members regarding Maldives' recent difficulties, there was also a recognition that the WTO was not the forum to discuss graduation from LDC status and that this was an issue to be addressed by the United Nations. Nonetheless, he noted that certain initiatives on the trade side could be considered in the WTO.

## Committee on Trade and Development in Dedicated Session

Members continued their Work Programme on Small Economies in 2005 during five formal meetings. Detailed reports of these meetings are contained in documents WT/COMTD/SE/M/9-13. In 2005 the Dedicated Session received seven new submissions on issues relating to the trade of small economies and possible approaches to framing responses under the mandate in paragraph 35 of the Doha Ministerial Declaration. At the 10<sup>th</sup> Dedicated Session one new submission providing an indicative list of specific characteristics and problems faced by small economies was presented by a group of small economies.<sup>38</sup> Another submission by the same group of small economies titled "An Approach to Framing Responses to the Trade-Related Problems of Small Economies" was made at the 11<sup>th</sup> Dedicated Session.<sup>39</sup> For the 12<sup>th</sup> Dedicated Session, the small economies presented a new submission titled "Small Economies' Report to the Committee on Trade and Development in Dedicated Session". This submission contained as annexes two proposals by the small economies that had been submitted to the negotiating groups on agriculture and NAMA.<sup>40</sup> Members also heard introductory presentations on four new proposals submitted by a group of small economy island states in documents WT/COMTD/SE/W/15-18. Three of these proposals concerned the creation of regional bodies which small economies could use to report and notify obligations under the Agreement on Technical Barriers to Trade, the Agreement on Sanitary and Phytosanitary Measures and the Agreement on TRIPS. A fourth proposal in document WT/COMTD/SE/W/17 concerned new rules for accession procedures. At the 13<sup>th</sup> Dedicated Session Members adopted the Dedicated Session's report to the General Council.<sup>41</sup>

## Sub-Committee on Least-Developed Countries (LDCs)

The Sub-Committee held four formal meetings in 2005 (39<sup>th</sup> to 42<sup>nd</sup> Session). Detailed reports of these meetings are contained in documents WT/COMTD/LDC/M/39 through WT/COMTD/LDC/M/42. The work of the Sub-Committee focuses on the implementation of the WTO Work Programme for LDCs (WT/COMTD/LDC/11) adopted by Members on 12 February 2002. The elements of the Work Programme considered in 2005 were: (i) market access for LDCs; (ii) trade-related technical assistance and capacity-building initiatives for LDCs; and (iii) accession of LDCs to the WTO.

### (i) Market access for LDCs

The item on market access for LDCs was considered at all the meetings of the Sub-Committee in 2005. At its 40<sup>th</sup> Session the Sub-Committee considered the Secretariat note titled "Market Access Issues Related to Products of Export Interest Originating from LDCs" (WT/COMTD/LDC/W/35), which contains information regarding LDCs' export profiles, tariff measures facing LDC exports in different markets, initiatives and improvements made in providing market access for LDCs. The note features preference utilization as its special topic. At the 41<sup>st</sup> Session the Secretariat briefed the Sub-Committee on the preparation for the next review of market access for products originating from LDCs.<sup>42</sup>

Following a discussion on the request from the LDCs at the 39<sup>th</sup> Session<sup>43</sup>, Members agreed on the terms of reference for a Secretariat note concerning LDCs' competitiveness in the textiles and clothing sector in light of the termination of the Agreement on Textiles and Clothing (ATC). Accordingly, the Secretariat prepared a note titled "Options for Least-developed Countries to Improve Their Competitiveness in the Textiles and Clothing Business" contained in document WT/COMTD/LDC/W/37. At the 41<sup>st</sup> and 42<sup>nd</sup> Sessions the Sub-Committee had detailed discussions on the note which contains reviews of programmes of the IMF and the World Bank in the textiles and clothing sector, examines the trade-related technical assistance and capacity-building programmes in this sector, analyzes non-reciprocal preference schemes extended to LDCs, and looks into other means to tackle constraints affecting LDC exports of textiles and clothing products.

### (ii) Trade-related technical assistance and capacity-building initiatives for LDCs

The item on trade-related technical assistance and capacity-building initiatives for LDCs was considered at the 40<sup>th</sup>, 41<sup>st</sup> and 42<sup>nd</sup> Sessions of the Sub-Committee. At its 40<sup>th</sup> Session the Sub-Committee was briefed by the Secretariat on trade-related technical assistance (TRTA) provided to LDCs, especially in relation to the Doha Work Programme and the Decision adopted by the General Council on 1 August 2004. The Secretariat reported that in 2004, the LDCs had been involved in 40 per cent of all TRTA delivered by the Secretariat. The LDCs

<sup>38</sup> WT/COMTD/SE/W/12

<sup>39</sup> WT/COMTD/SE/W/13/Rev.1

<sup>40</sup> WT/COMTD/SE/W/14

<sup>41</sup> WT/COMTD/SE/4

<sup>42</sup> The document was subsequently issued as WT/COMTD/LDC/W/38, and was discussed at the 43<sup>rd</sup> Session of the Sub-Committee held on 16 March 2006.

<sup>43</sup> At the 38<sup>th</sup> Session, the LDCs made a submission contained in document WT/COMTD/LDC/W/36 requesting for a Secretariat study on issues relating to the termination of the ATC.

were encouraged to make requests for technical assistance to the Secretariat. At the Sub-Committee's 41<sup>st</sup> Session, the Secretariat briefed Members on the arrangements to facilitate the participation of LDCs at the Sixth WTO Ministerial Conference in Hong Kong, China.

At the 40<sup>th</sup> and 41<sup>st</sup> Sessions the Sub-Committee considered the Secretariat's note on "Assistance to Address Supply-Side Constraints" contained in document WT/COMTD/LDC/W/33 and its addendum. The addendum was prepared following the request made by the Sub-Committee at its 38<sup>th</sup> Session and provides information on supply-side related actions undertaken in response to the needs identified in the Diagnostic Trade Integration Studies (DTISs) and its Action Matrices drawn up under the Integrated Framework (IF). At the Sub-Committee's 42<sup>nd</sup> Session the Chairman of the Integrated Framework Steering Committee (IFSC) reported on the status of implementation of the IF and also on developments with regard to the "Aid for Trade" initiative. The Sub-Committee joined the Chairman of the IFSC in welcoming the endorsement by the Development Committee of the IMF and the World Bank of proposals to enhance the IF, including expanding its resources.

(iii) Accession of LDCs to the WTO

The Sub-Committee considered the item Accession of LDCs to the WTO at its 42<sup>nd</sup> Session and discussed the current state of play in the accession working parties of the LDCs. As of September 2005 ten LDCs were at various stages of their accession process. The Sub-Committee called for an accelerated and simplified accession process for acceding LDCs, based on the guidelines adopted in 2002.<sup>44</sup>

## The Integrated Framework for Least-Developed Countries<sup>45</sup>

The year 2005 was an important year for the Integrated Framework (IF). It entered a crucial phase of implementation and expansion. Building on their commitment towards the Integrated Framework for Least-Developed Countries expressed at Doha in 2001, Ministers at the Hong Kong Ministerial Conference reiterated their endorsement of the IF as a viable model for LDCs' trade development. They welcomed work underway to enhance the IF.

By the end of 2005, 20 least-developed countries (LDCs) had undertaken and validated their Diagnostic Trade Integration Studies (DTIS) signifying broad government-wide support for the DTIS and its list of trade priorities contained in the Action Matrix, as well as strong government commitment to integrate trade policy into the overall national development strategy. These countries are: Burundi, Benin, Cambodia, Chad, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, Tanzania, Yemen and Zambia. A further eight LDCs had started or were continuing the DTIS process: Angola, Burkina Faso, The Gambia, Lao PDR, Maldives, Niger, Sierra Leone and Uganda. Another nine LDCs were in the *anti-chambre* of the IF process: Afghanistan, Central African Republic, Comoros, Democratic Republic of Congo, Equatorial Guinea, Haiti, Liberia, Sudan and Vanuatu. One additional LDC requested to join the IF (East Timor).<sup>46</sup>

Since its inception in 1997 and its restructuring in 2001, the IF has considerably raised its visibility in the least-developed countries as well as in the international development community. The endorsement of proposals to enhance the IF, including its resources, by Ministers of Finance and of Development at the September meeting of the Development Committee of the IMF and the World Bank illustrates the IF's increased importance as a tool for LDCs' trade development.

In 2005 the Integrated Framework Working Group (IFWG) and the Integrated Framework Steering Committee (IFSC) – the body which oversees the work in the IF – established a Task Force and agreed on the three elements which together constitute an enhanced IF: increased, additional and predictable financial resources to implement Action Matrices; strengthened in-country capacities to manage, implement and monitor the IF process; and enhanced IF governance. The Task Force, composed of donor and LDC Members, will provide recommendations to the IFSC by April 2006 on how the IF can be improved on that basis. At Hong Kong, Ministers also agreed that the enhanced IF will enter into force no later than December 2006. In 2005 the IFWG approved the Terms of Reference for the establishment of a Programme Implementation Unit to strengthen the current IF Secretariat which is housed in the WTO.

The IFSC extended the IF Work Programme until 31 December 2006<sup>47</sup>

The IF has its own IF Trust Fund consisting of two Windows: Window I for the preparation of the DTIS and Window II for the funding of small concrete priority capacity-building projects derived from the DTIS. During 2005 pledges to both Windows of the IF Trust Fund totaled US\$34.6 million. In parallel, LDCs continued to make progress

<sup>44</sup> WT/L/508

<sup>45</sup> See the IF website ([www.integratedframework.org](http://www.integratedframework.org)) for more detailed information on the IF.

<sup>46</sup> by the end of March 2006, that number had increased to four LDCs requesting to join the IF: Solomon Islands, Guinea Bissau and Samoa had joined East Timor.

<sup>47</sup> WT/IFSC/7/Rev.1

in integrating their DTISs into their Poverty Reduction Strategy Papers (PRSPs) and Consultative Group and Round Table processes

The IF continued its cooperation with other programmes such as the JITAP and the standards and trade development facility (STDF). The three agencies which collaborate both in JITAP and the IF (ITC, UNCTAD and WTO) continued their periodic dialogue and exchange of information regarding important documents and missions planned under either initiative for the ten LDCs which are both part of the IF and JITAP. Similarly, coordination between the IF and the STDF is ongoing by allocating funding from the STDF to needs for assistance in the area of SPS standards expressed in the DTIS under the IF.

Detailed reports of developments in the IF in 2005 are contained in documents WT/IFSC/M/12 through 14. General progress in the IF can be reviewed on its website: [www.integratedframework.org](http://www.integratedframework.org).

## Working Group on Trade and Transfer of Technology

During 2005 the Working Group on Trade and Transfer of Technology (WGTTT) examined the relationship between trade and transfer of technology and considered possible recommendations that might be taken within the mandate of the WTO to increase flows of technology to developing countries.

The WGTTT held four formal sessions in 2005. Detailed reports of these meetings can be found in documents WT/WGTTT/M/11-14.

On the relationship between trade and transfer of technology UNCTAD presented three studies. The first study on "Facilitating Transfer of Technology to Developing Countries: A Survey of Home-Country Measures" highlighted the important role home-country measures could play in encouraging flows of technology to developing countries, the importance of investment in research and the need for cohesive partnerships between the private and public sector.

The second study by UNCTAD, "A Case Study on the Electronics Industry in Thailand", highlighted the contribution the manufacturing sector can make to increasing a country's export growth. The pro-active policies pursued by the Government of Thailand created a favourable environment for export-oriented FDI and the promotion of technology transfer. They enabled a framework for the emergence of domestic support industries and helped integrate domestic manufacturers into the global production networks of trans-national corporations (TNCs) in the electronics industry.

UNCTAD's third study, "Taxation and Technology Transfer: Key Issues", identified some of the tax-related policy instruments that could be used to promote technology transfer and the important role tax policy can play, both as an incentive to attract technology and as a stimulant to technology exports.

In continuing consideration of possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries, the Working Group focused on two recommendations, namely on the different provisions contained in various WTO agreements relating to technology transfer and the provisions contained in various WTO agreements which may have the effect of hindering transfer of technology to developing countries (contained in document WT/WGTTT/W/6).

The Working Group considered a communication from Cuba,<sup>48</sup> which underscored the need to review the effectiveness of the provisions on technology transfer in the WTO agreements and to assess the extent to which these agreements hindered flows of technology to developing countries.

Members also considered a new submission by India, Pakistan and the Philippines.<sup>49</sup> The submission highlighted the crucial role of technology and technical know-how in improving productivity, promoting export growth and attaining developmental goals. It stressed the possible recommendations which the Working Group could make to enhance flows of technology to developing countries.

Although the work carried out in the Working Group contributed to a better understanding of the issues involved, Members acknowledged that a lot of work still remained to be done. The Working Group recommended, in its Annual Report<sup>50</sup> to the General Council, that it continue its work with a view to fulfilling the mandate contained in paragraph 37 of the Doha Ministerial Declaration.

<sup>48</sup> WT/WGTTT/W/9

<sup>49</sup> WT/WGTTT/W/10

<sup>50</sup> WT/WGTTT/7

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## XIII. Committee on Trade and Environment

See the Doha Development Agenda in Part I above for CTE activities in 2005.

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## XIV. Committee on Budget, Finance and Administration

In 2005, as part of its ongoing responsibilities, the Committee on Budget, Finance and Administration (CBFA), continued to monitor the financial and budgetary situation of the Organization. It formulated recommendations to the General Council on assessment to the budget and advance to the Working Capital Fund. It considered elements related to human resources management and heard progress reports on the New WTO Annexe, Security Matters and the Pension Plan.

### Major areas and activities

The construction of the New WTO Annexe will be funded by way of a 50 year loan from the Swiss Authorities: During the course of 2005, the Committee examined the proposal to increase the budget for the new building by 10 million up to 60 million Swiss Francs, due to unforeseen requirements relating to security, archives and the additional impact of inflation, and made a recommendation to the General Council to approve the increase (WT/BFA/78). The approval of the loan of 60 million Swiss Francs is currently being examined by the Swiss Authorities.

In view of the fact that the formal audit report must cover the two annual financial periods of the biennium, and the five-year term of the Austrian Court of Audit finishing with the accounts of 2006, the Committee recommended to extend the mandate by one year (WT/BFA/78).

The accession of the Kingdom of Saudi Arabia was considered by the Committee and approved by the General Council on 11 December 2005.

The Committee reviewed the independent consultant's report commissioned to examine temporary assistance which recommended that the tasks performed by 33 staff on temporary contracts were identified as being of an ongoing nature. The Secretariat's proposal to consolidate these temporary positions in 2006 was subsequently endorsed by the Committee and included in the budgetary recommendations for 2006-2007 below.

The Committee considered the Director General's proposal for the budget 2006-2007 and recommended that the General Council approve the biennial budget in the amounts of 175 million Swiss Francs and 180.4 million Swiss Francs, respectively (WT/BFA/82 and 83).

The Committee also discussed and/or was informed about the following points in the various meetings: (i) the 2006-2007 revised budget estimates of the International Trade Centre UNCTAD/WTO, (ii) the situation of contributions for the Doha Development Agenda Global Trust Fund and (iii) the question of WTO Members in arrears.

Reports of meetings are contained in documents WT/BFA/77, WT/BFA/78, WT/BFA/79, WT/BFA/80, WT/BFA/81, WT/BFA/82 and WT/BFA/83.

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## XV. Plurilateral Agreements

### Agreement on Government Procurement

The following WTO Members are Parties to the plurilateral Agreement on Government Procurement of 1994: Canada; the European Communities (covering its 25 member States); Hong Kong, China; Iceland; Israel; Japan; Korea; Liechtenstein; the Kingdom of the Netherlands with respect to Aruba; Norway; Singapore; Switzerland; and the United States. Albania, Bulgaria, Georgia, Jordan, the Kyrgyz Republic, Moldova, Oman, Panama and Chinese Taipei are at various stages in the process of negotiating their accession to the Agreement.

In 2005, the Committee continued its negotiations under Article XXIV:7(b) and (c) of the Agreement. The negotiations comprise the following elements: (i) simplification and improvement of the text of the Agreement, including, where appropriate, adaptation to advances in the area of information technology; (ii) expansion of the coverage of the Agreement; and (iii) elimination of remaining discriminatory measures and practices which distort open and competitive procurement.

During 2005, substantial progress was made on the revision of the non-market-access-related provisions of the text (element (i) noted above). With regard to the market access aspects of the negotiations (elements (ii) and (iii) above), a Decision adopted by the Committee on Government Procurement in July 2004 (GPA/79) established modalities for both bilateral and plurilateral aspects of the negotiations. Since the preparation of initial offers in the bilateral aspect of the negotiations took longer than foreseen in that Decision, at its meeting of 21 July 2005, the Committee adopted a further Decision (GPA/79/Add.1) postponing the dates for submission of initial offers until the week of 10 October 2005 but, in any event, not later than the dates of the Hong Kong Ministerial Conference (13-18 December 2005). In addition, the Decision set a target date for the overall conclusion of the negotiations of the end of 2006.

Initial offers in the bilateral market access negotiations have now been received from eleven participants in the negotiations, covering 35 WTO Members.

In December 2005, the Committee on Government Procurement adopted a Decision (GPA/86) modifying the previously established time-period for reducing the value of Israel's offsets permitted under the Agreement and providing for compensatory adjustments in Israel's coverage of services and construction services. Other matters considered by the Committee in 2005 included modifications to the Appendices to the Agreement, statistical reports, and notifications of threshold figures in national currencies.

## I. Cooperation with other international organizations and relations with civil society

### Relations with non-governmental organizations/civil society

The WTO's relations with civil society continued to evolve with numerous activities and exchanges focusing on specific aspects related to WTO activities and the Doha Development Agenda negotiations. Relations with Non-Governmental Organizations (NGOs) are specified in Article V:2 of the Marrakesh Agreement Establishing the WTO and were further elaborated in a set of guidelines (WT/L/162) adopted by the General Council in July 1996. The guidelines "recognize the role NGOs can play to increase the awareness of the public in respect of WTO activities".

While members of civil society and NGO representatives are in daily contact with the WTO Secretariat and WTO Members, they also attend WTO Ministerial Conferences and participate in workshops and symposia. The WTO's annual Public Symposium has become the most important and biggest outreach event involving civil society representatives from all around the world. Briefings on meetings of the major WTO Councils and Committees are organized regularly for Geneva-based NGO representatives, including by the Director-General. Briefings intensify in the run-up to major meetings of the WTO, as was the case during the preparations for the Hong Kong Ministerial Conference in December 2005. The WTO Secretariat receives a large number of meeting requests from NGOs from all over the world and the WTO's Director-General and Secretariat staff regularly meet representatives from NGOs. WTO Secretariat officials participate as often as possible in major meetings where subjects of interest to civil society are discussed. A monthly list of NGO position papers received by the Secretariat is compiled and circulated for the information of WTO Members, and NGOs can be invited to the WTO to informally present their policy papers and analysis for interested WTO Members and staff.

### Ministerial Conferences

NGO attendance at WTO Ministerial Conferences is based on a basic set of registration procedures established by the General Council. Under these procedures: (i) NGOs are allowed to attend the Plenary Sessions of the Conference; and (ii) NGO registration applications are considered by the WTO Secretariat on the basis of Article V:2, i.e., NGOs need to demonstrate that their activities are "concerned with matters related to those of the WTO". Information on these procedures can be found on the WTO website.

The table below gives the numbers of NGO attendees at the six WTO Ministerial Conferences held to date. The Sixth Ministerial Conference in Hong Kong, China saw the highest number of civil society representatives in the history of the WTO.

Table II.7

#### NGO attendance at Ministerial Conferences

| Ministerial           | No. of eligible NGOs | NGOs who attended | N° of participants |
|-----------------------|----------------------|-------------------|--------------------|
| Singapore 1996        | 159                  | 108               | 235                |
| Geneva 1998           | 153                  | 128               | 362                |
| Seattle 1999          | 776                  | 686               | approx 1500        |
| Doha 2001             | 651                  | 370               | 370                |
| Cancún 2003           | 961                  | 795               | 1578               |
| Hong Kong, China 2005 | 1065                 | 811               | 1596               |

## Symposia

Since 1999, WTO's annual Public Symposium has provided civil society with opportunities to engage with government officials, academics and other civil society representatives. The five symposia held to date have shown that governments and civil society can have open and constructive dialogues on issues where differences exist, but where possible solutions can also be identified and discussed. In 2005, a three-day symposium with more than 1000 participants was held at the WTO. Entitled "WTO after 10 years: Global Problems and Multilateral Solutions", the symposium provided an opportunity to reflect upon the WTO's 10 years of existence and to look ahead at its future challenges. It featured more than 20 different sessions, organized by the WTO and by participants themselves. Development opportunities, the future of the WTO, agriculture and gender were among the issues discussed. The 2006 WTO Public Forum on 25 and 26 September was entitled "What WTO in the XXI<sup>st</sup> Century?".

## Cooperation with other international organizations

The WTO works closely with other international intergovernmental organizations, especially those involved with trade-related subjects. The WTO cooperates and coordinates with the United Nations and many of its agencies, with the Bretton Woods institutions and with other international and regional bodies.

In its efforts to further the development dimension of trade, the WTO works closely with the United Nations Conference on Trade and Development (UNCTAD). A major focus of joint work concerns capacity building and providing technical assistance to developing and least-developed countries. UNCTAD is a major partner in the Integrated Framework

for Trade-Related Technical Assistance to Least-Developed Countries (IF) and also in the Joint Integrated Technical Assistance Programme (JITAP). Moreover, many inter-regional meetings and training activities are organized to assist developing countries' representatives to learn more about WTO trade issues and negotiations. Such activities are sponsored either by the WTO or UNCTAD, or both, and involve staff from both organizations. Other international intergovernmental organizations that cooperate with the WTO on the development dimension, particularly in the IF and JITAP, include the United Nations Development Programme, International Trade Centre, International Monetary Fund, and the World Bank.

The WTO remains a participant in various activities organized by the United Nations, its agencies, and other international intergovernmental organizations. The Director-General regularly attends meetings of the UN Chief Executives Board (CEB); WTO Secretariat officials also participate in the Board's subsidiary bodies. Furthermore, the WTO Secretariat is represented on a high-level United Nations coordination committee monitoring progress towards achieving the United Nations' Millennium Goals. WTO also participates in a follow-up mechanism relating to the International Conference on Financing for Development.

## Outreach activities for parliamentarians and civil society

In 2005, the WTO extended its programme of outreach activities for civil society and parliamentarians. There were two regional workshops conducted in Jamaica (for parliamentarians from the Caribbean region) and Tanzania (for parliamentarians from East Africa). The workshops are designed to help Parliamentarians better understand the WTO and to keep them abreast of developments regarding the DDA negotiations. They are additional to national workshops for parliamentarians which are carried out as part of the WTO's regular technical assistance work.

One very positive effect of the extension of the WTO's outreach activities was the enhancement of close working relations with regional and local civil society and parliamentary organizations. These relations were further enhanced through WTO attendance at major events such as the Hong Kong Session of the Parliamentary Conference on the WTO, organized jointly by the Inter-Parliamentary Union and the European Parliament in December 2005, on the occasion of the Sixth WTO Ministerial Conference.

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## II. Public information activities

The change in public perceptions of the WTO which coincided with the launch of the Doha Development Agenda continued through 2005 as negotiations progressed, and planning advanced for the Sixth WTO Ministerial Conference in Hong Kong. at the end of the year.

The arrival of the new Director-General Pascal Lamy, in September 2005, served to heighten interest in the Doha negotiations and the Ministerial.

These developments have meant that the public debate on the WTO during 2005 has largely focused on the relative merits of negotiating proposals in the Doha Round and their impacts on developing and developed countries. The outright calls to abolish the WTO which characterized discussions in previous years have largely given way to proposals on how to improve and reform the WTO system.

This shift in the focus of the public discussion on WTO issues reflects a better understanding among the general public, and among journalists, about the role and work of the organization.

## Regular contacts with media and the public

A number of specific efforts in 2005 contributed to this new environment for public debate on the WTO, including:

- Intensive media relations work was carried out with the 3,300 journalists who attended the Hong Kong Ministerial Conference. This was the highest attendance of any Ministerial since the creation of the WTO, surpassing attendance at Cancun (2000), Doha (800), and Seattle (2,800). There were 118 media briefings and news conferences organized by the WTO in the course of the Ministerial.
- regular contact with journalists in Geneva through weekly press briefings, news conferences and photo opportunities, as well as regular contact with over 1,000 journalists around the globe who have registered to use our internet Media newsroom. All of them received weekly email bulletins on developments at the WTO.
- a sustained level of contacts with the public through 125 information briefings at the WTO involving about 3,400 participants. More than 100,000 individuals have self-registered with our contacts database to receive regular email bulletins on WTO developments. This list is comprised largely of academics, consultants, government officials and students with a specific interest in trade issues.
- There were over 60,000 public email enquiries and comments received by the WTO over the year.
- The WTO distributed nearly 50,000 books and information brochures free of charge in English, French and Spanish to the public and to WTO Members during 2005.

### The WTO website [www.wto.org](http://www.wto.org)

The number of visitors to the WTO website continues to grow at the rate of 15-20% per month. The website attracted an average of 1 million visitors per month during the year. Users of the site downloaded millions of pages of WTO publications and documents, including over 130,000 copies of the WTO Annual Report, about 140,000 copies of the World Trade Report and about 135,000 copies of the International Trade Statistics.

### WTO Publications

A list of 105 books and brochures were produced during 2005 in English, French and Spanish. The full list of current WTO publications is included as Annex II at the end of this publication.

## III. Technical Co-operation and Training

The year 2005 was the second year during which the new approach to WTO's Technical Assistance and Training, as contained in the TA Plan 2005 (WT/COMTD/W/133/Rev.2), was put into effect. The Plan takes into account the evolving priorities in the DDA negotiations. More specifically, it takes into account the Decision adopted by the General Council on 1 August 2004 (the 'July Framework Agreement'). In designing the Secretariat's TRTA activities, the main objective was to build long-lasting human and institutional capacity and to enhance ownership. The products have, as much as possible, been tailored to the needs of the recipients. This flexibility has been found to be indispensable to allow for the delivery of TA that is focused and timely, related to identified needs. The Secretariat has again been pro-active and addressed all regional groupings to explain the features of the TA Plan and beneficiaries' entitlements, and to draw their attention to how technical assistance can be requested. Finally, in order to monitor the quality of the products and to ensure that the needs of the beneficiaries are best catered for, the activities are assessed through the Back-to-Office Reports (BTORs), which are systematically analyzed by the Technical Cooperation Audit, leading to follow-up recommendations.

In 2005, a total of 462 activities were implemented including Geneva-based activities as well as those held abroad. Of these activities, 39 took place in Geneva (TPC, Geneva week, symposia etc.) and 423 were field based (RTPC, regional and national seminars etc.) This number comprises activities of significantly different durations, varying between one day and 12 weeks, and involving as little as one staff member or as many as over two dozen for the longer courses. Also, the number of participants varies from one activity to another. It was for this reason that the notion of “participant/days” was introduced, which gives an appropriate weight to each activity when measuring implementation. In 2005, the total number of participant/days for planned regional events amounted to 28,196, which corresponds to some 90 per cent of the total of anticipated participant/days in the TA Plan (i.e. 31,188). It is recalled that the notion of participant/days is not applicable to all products, and can thus only be seen as a rough indicator.

The delivery of all TRTA activities in 2005 held abroad involved some 4,280 days of staff travel, in addition to which should be counted the preparation time. This number does not account for staff time related to the implementation of Geneva-based activities. This number of staff travel days was performed by 212 staff members who, collectively undertook 809 travels for implementing the 423 field activities. This shows that the average time associated with an activity is some five days and on average, each of the 212 WTO staff members have been associated with four travels. A majority of WTO divisions are thus involved in one way or another in the delivery of TRTA, either through contributions to Geneva- and/or field-based activities. Most divisions undertook field missions and participated in a variety of workshops and training events. WTO divisions were essentially involved in the delivery of activities, relating to the Agreements under their responsibility, as well as in the Geneva-based and Regional Trade Policy Courses (RTPCs), Short Trade Policy Courses (STPCs) etc. ITTC accounted for over a quarter of all staff travel (1142 days) undertaken by some 20 staff members. Despite the availability of 12 L-staff, who are assigned to various WTO divisions, and whose main task is to provide support in the delivery of technical assistance and training, there was strong pressure on all divisions, as 2005 was a Ministerial Conference year. The Secretariat typically was required to provide support in the negotiations and implement commitments as contained in the Plan.

As to the objective of maintaining a regional balance in the distribution of the technical assistance activities (cf Table II.8) the majority of activities were held in Africa (176), representing some 38 per cent of WTO’s TRTA, followed by Asia and Pacific (106), representing nearly one quarter of all activities. A total of 51 activities were organized for Latin America (11%), 37 for CEECAC (8%), 22 for the Caribbean (5%), and 18 for the Arab and Middle East countries (4%). While the LDCs are not listed separately, it should be noted that out of all activities, LDCs have been associated with a total of 210 activities, which represents some 40 per cent of all TRTA. This includes national activities held in LDCs as well as regional seminars, workshops and training activities to which LDCs were invited.

In terms of national vs. regional activities, it can be observed that a total of 218 activities were held at the national level and 169 activities were regional events. The remaining 75 activities consisted of WTO’s participation in activities organized by other agencies and to which the Secretariat was asked to make a contribution as well as WTO’s representation in trade-related conferences, symposia and high-level meetings. As is discussed further in the report, these activities are mostly undertaken as part of the partnership arrangements with other agencies that the WTO cooperates with, and are directly relevant in terms of TRTA and capacity-building.

The total number of regional and global activities undertaken, as contained in Tables II.8 and II.9 includes a dozen JITAP regional workshops and seminars, university workshops in preparation of the RTPCs, the e-Training modules, as well as over 30 regional activities that were held under WTO’s partnership arrangements with other agencies and bodies, to which WTO was requested to make a specific input. Some six regional activities were carried over from 2004.

In terms of logistical and administrative preparation, human resource input as well as in terms of cost, the regional seminars are the most demanding, requiring preparation time of up to nine weeks, depending on whether the activity is organized solely by the WTO, or whether it is part of a partnership arrangement with another agency. Through the implementation of the partnerships, this burden is lessened somewhat, particularly when other agencies are taking charge, in whole or in part, of the preparation of the regional activities.

As to the subjects covered (Table II.9), the vast majority of activities, national and regional combined, specifically addressed WTO Agreements. With regard to topic-related seminars, Market Access issues (NAMA, Customs Valuation, Rules of Origin), were strongly in demand, followed by Services, assistance provided in support of the Trade Policy Reviews, Rules, SPS and TBT, and Trade Facilitation.

In line with the Doha Declaration, priority attention continued to be given to LDCs. Not only is this confirmed with the absolute and relative numbers, i.e. the frequency with which LDCs have been associated with TRTA, but this is also expressed through the products, several of which are specifically and/or largely geared towards LDCs. In this regard, mention can be made of the Integrated Framework and JITAP, the three-week Introduction Course for LDCs, Geneva Weeks, Reference Centres, the Netherlands Trainee Programme (NTP), support provided in the needs assessments, Trade Policy Reviews, the financing of LDCs to participate in MC-6. Also, it is recalled that LDCs are entitled to three national activities and that they receive priority attention in the accession process. More generally, and whenever possible, priority was given to LDCs in the selection process for Geneva-based training courses.

Partnering has continued to be a key feature in the implementation of the TRTA programmes, which is mainly geared towards building synergies in human and institutional capacity-building. Two particular mechanisms/programmes designed to foster cooperation between particular institutions, donors and recipients are the IF and JITAP. Moreover, a majority of WTO's TRTA activities are undertaken with regional and/or specialized partner agencies, who provide their expertise in the seminars, courses and training events, as discussed throughout this report. In some cases, cooperation with partner institutions and bodies is governed by Memoranda of Understandings (MoUs), but partnering is equally undertaken in a pragmatic way, regardless of whether or not there is a MoU between the agencies.

Table II.8

**TRTA by Region**

|  | National TA |             | Regional TA |             | Other<br>(Conferences, etc.) |             | Total      |             |
|--|-------------|-------------|-------------|-------------|------------------------------|-------------|------------|-------------|
| Africa   | 98          | 45%         | 57          | 34%         | 21                           | 28%         | 176        | 38%         |
| Arab and Middle East countries                     | 10          | 5%          | 8           | 5%          |                              |             | 18         | 4%          |
| Asia and Pacific                                   | 58          | 27%         | 33          | 20%         | 15                           | 20%         | 106        | 23%         |
| Caribbean  | 8           | 4%          | 11          | 7%          | 3                            | 4%          | 22         | 5%          |
| CEECACs  | 17          | 8%          | 15          | 9%          | 5                            | 7%          | 37         | 8%          |
| Latin America                                      | 27          | 12%         | 17          | 10%         | 7                            | 9%          | 51         | 11%         |
| Other (global) coverage (incl. WTO-based projects) |             |             | 28          | 17%         | 24                           | 32%         | 52         | 11%         |
| <b>Total</b>                                       | <b>218</b>  | <b>100%</b> | <b>169</b>  | <b>100%</b> | <b>75</b>                    | <b>100%</b> | <b>462</b> | <b>100%</b> |

Table II.9

## TRTA by Subject Matter

|   | National TA |            | Regional/<br>Global TA |             | Other<br>(Conferences, etc.) |            | Total      |
|---|-------------|------------|------------------------|-------------|------------------------------|------------|------------|
| <b>1. WTO Agreements and related issues</b>           | <b>165</b>  | <b>60%</b> | <b>108</b>             | <b>40%</b>  |                              |            | <b>273</b> |
| Accession   | 12          | 100%       |                        |             |                              |            | 12         |
| Agriculture   | 8           | 62%        | 5                      | 38%         |                              |            | 13         |
| Competition Policy                                    | 2           | 100%       |                        |             |                              |            | 2          |
| Development Issues                                    | 5           | 45%        | 6                      | 55%         |                              |            | 11         |
| Dispute Settlement                                    | 9           | 69%        | 4                      | 31%         |                              |            | 13         |
| Environment   |             |            | 4                      | 100%        |                              |            | 4          |
| Government Procurement                                | 2           | 29%        | 5                      | 71%         |                              |            | 7          |
| Investment  |             |            |                        |             |                              |            | 0          |
| Market Access (CV, NAMA, Rules of Origin)             | 19          | 68%        | 9                      | 32%         |                              |            | 28         |
| Multi-topic general TA                                | 16          | 67%        | 8                      | 33%         |                              |            | 24         |
| Notifications   | 7           | 100%       |                        |             |                              |            | 7          |
| Outreach  | 5           | 63%        | 3                      | 38%         |                              |            | 8          |
| Regional Trade Agreements                             |             |            | 5                      | 100%        |                              |            | 5          |
| Rules   | 15          | 68%        | 7                      | 32%         |                              |            | 22         |
| SPS and TBT   | 6           | 30%        | 14                     | 70%         |                              |            | 20         |
| Services  | 20          | 74%        | 7                      | 26%         |                              |            | 27         |
| Trade Facilitation                                    | 6           | 32%        | 13                     | 68%         |                              |            | 19         |
| Trade Negotiation Techniques                          | 5           | 38%        | 8                      | 62%         |                              |            | 13         |
| Trade Policies Review Mechanism                       | 23          | 92%        | 2                      | 8%          |                              |            | 25         |
| TRIPS   | 5           | 38%        | 8                      | 62%         |                              |            | 13         |
| <b>2. Trade Policy Courses</b>                        |             |            | <b>38</b>              | <b>100%</b> |                              |            | <b>38</b>  |
| e-Training / Distance learning                        |             |            | 5                      | 100%        |                              |            | 5          |
| Regular Trade policy Courses                          |             |            | 4                      | 100%        |                              |            | 4          |
| Regional Trade policy Courses (incl. preparation)     |             |            | 10                     | 100%        |                              |            | 10         |
| Short Trade Policy Courses                            |             |            | 10                     | 100%        |                              |            | 10         |
| Specialized Courses                                   |             |            | 5                      | 100%        |                              |            | 5          |
| Introductory Courses                                  |             |            | 2                      | 100%        |                              |            | 2          |
| Introduction Days                                     |             |            | 2                      | 100%        |                              |            | 2          |
| <b>3. General Capacity-building activities</b>        | <b>47</b>   | <b>34%</b> | <b>15</b>              | <b>11%</b>  | <b>75</b>                    | <b>55%</b> | <b>137</b> |
| Geneva Week   |             |            | 2                      | 100%        |                              |            | 2          |
| Integrated Framework / LDCs                           | 9           | 100%       |                        |             |                              |            | 9          |
| JITAP   | 14          | 54%        | 12                     | 46%         |                              |            | 26         |
| IT / WTO Reference Centre                             | 24          | 96%        | 1                      | 4%          |                              |            | 25         |
| Participation in activities organized by other bodies |             |            |                        |             | 75                           | 100%       | 75         |
| <b>4. Academic Partnership Programmes</b>             | <b>6</b>    | <b>43%</b> | <b>8</b>               | <b>57%</b>  |                              |            | <b>14</b>  |
| University programme                                  | 6           | 43%        | 8                      | 57%         |                              |            | 14         |
| <b>Total</b>  | <b>218</b>  | <b>47%</b> | <b>169</b>             | <b>37%</b>  | <b>75</b>                    | <b>16%</b> | <b>462</b> |

| Pro memoria                                |    |
|--|----|
| Internships (NTP and Missions)             | 23 |
| Research project                           | 11 |
| Doctoral support (PhD programme)           | 10 |
| IT-related projects – TA tools development | 11 |
| Other TRTA-related projects                | 4  |

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

### Jamaica

This second Trade Policy Review of Jamaica has contributed to a deeper understanding of its trade and investment policy regime. The participation of the Honourable Minister Knight, Ambassador Smith and their delegation greatly contributed to the success of this Review. I also thank our discussant, Ambassador Glenne, and the interventions from many Members, all of which has contributed a great deal to our work.

Members noted that, despite a series of external shocks and the burden of a large public debt, Jamaica has persevered with the reform of its economy. Jamaica was encouraged to continue these efforts, which had yielded consistent, economic growth. Members highlighted the overall openness of the Jamaican economy, witnessed by the large share of trade in GDP.

Members commended Jamaica for its active participation in the WTO, and for advocating an increased participation in the multilateral trading system by developing countries. Jamaica's initiatives to advance special and differential treatment for developing countries were also noted, as were its efforts to enhance south-south trade. Some Members referred to the difficulties that small economies like Jamaica faced in their integration into the multilateral trading system. Different views were expressed on how Jamaica could address the challenge of adjusting to an environment of eroding preferences. Members noted and praised Jamaica's participation and leadership in the CARICOM, and posed questions with respect to the timetable for completion of the CARICOM integration process.

Members agreed that Jamaica had made significant efforts to make its trade and investment regime more open and transparent, including through initiatives to speed and simplify customs clearance. It was observed that Jamaica's applied tariff had declined since 1998, but also that tariffs on agricultural products had increased for some items while the overall average remained higher than on non-agricultural products. Jamaica was invited to narrow the gap between applied and bound tariff rates in order to enhance the predictability of its trade regime. Clarification was sought about some applied tariffs apparently exceeding bound rates. Members expressed concern about the use of non-tariff charges on imports, such as customs fees and stamp duties, noting in particular the impact of stamp duties on certain agricultural products. Members sought information on the scope and economic rationale of Jamaica's various incentive schemes, including export incentives. Questions were also posed on other measures such as technical regulations, state-owned enterprises, SPS requirements, and IPRs.

Jamaica was commended for its liberalization of financial services and telecommunications but was invited to review the monopoly conditions in the electricity sector. The importance of tourism for Jamaica's economy was highlighted. Several Members noted that Jamaica had to date not ratified the Fifth Protocol to the GATS and encouraged it to do so. Jamaica was also urged to table an offer in the current negotiations on services.

I thank Jamaica for the written answers to Members' questions and we look forward to receiving answers to outstanding questions.

In conclusion, Members acknowledged the progress made by Jamaica in restructuring its economy, while recognizing the challenges it faces on account of changes affecting the world economy. Whether those changes are for the benefit of all depends in a fundamental manner on efforts within the multilateral trading system, and thus Members expressed great appreciation for Jamaica's contribution to our collective endeavours in this regard. In a spirit of open dialogue, Members also offered their views on both Jamaica's

domestic policies and its negotiating agenda. To succeed, the two must complement each other. I hence welcome Jamaica's plans to continue with its internal reform process, and its active engagement in the Doha Development Agenda, both of which will decisively influence Jamaica's future development.

Finally, Minister Knight and Ambassador Smith, thank you: you have been instrumental in a good review of Jamaica's trade policies.

## Japan

The seventh Trade Policy Review of Japan has been informative and open, thus contributing to a much improved understanding of recent developments in Japan's trade and related policies. In addition to the active engagement of the Japanese delegation, our discussion has greatly benefited from the insightful and thought-provoking comments from our discussant and many thoughtful interventions by Members.

Members were encouraged by the recent recovery of Japan's economy, which is important for the prosperity of the world economy and the expansion of trade. Members recognized that the multilateral trading system, by keeping foreign markets open to Japan's exports, contributed greatly to its recovery. However, they inquired whether the sustainability of Japan's recovery might be undermined by, for example, the combination of high public debt and a rapidly aging population. Members encouraged Japan to continue its reform process and improve its market access, particularly in agriculture.

Members welcomed Japan's active role in the multilateral trading system, including its strong support for the Doha Development Agenda negotiations. In this respect, Members commended Japan for providing technical assistance and capacity building to developing countries and LDCs. Members also noted Japan's increasing involvement in bilateral/regional trading arrangements, and they urged Japan to ensure that these arrangements are fully compatible with the multilateral system. Some Members expressed their appreciation of the preferential market access provided by Japan to developing and least-developed countries; they encouraged Japan to open further its market in respect of LDCs' products.

Members expressed their appreciation of steps taken by Japan to liberalize further its trade regime. Many imports now enter Japan duty-free or at low tariff rates. However, Japan's tariff structure remained complex, involving significant tariff peaks (often involving non-ad valorem rates) and tariff escalation for some products as well as intricate tariff quotas. These mainly involve agricultural and food products, footwear and textiles. Some Members urged Japan to simplify its tariff structure and improve the administration of its import quotas and tariff-rate quota systems. Many Members also called for greater transparency in government procurement practices. Steps to strengthen intellectual property rules and their enforcement were welcomed, although some Members voiced their concern over registration delays in this regard.

While appreciating Japan's moves to harmonize its standards and technical regulations with international norms, some Members expressed concern over the complexity of Japan's standards, technical regulations, and sanitary and phytosanitary measures. They encouraged Japan to employ these measures in the least trade-restrictive manner.

Members welcomed Japan's ongoing efforts to strengthen corporate governance and competition policy by increasing the status of the Fair Trade Commission and providing it with more resources. Members also appreciated the establishment of Special Zones for structural reform. In addition, Members inquired about factors discouraging inward foreign direct investment (FDI) into Japan, which remains relatively low. Members appreciated the progress in privatizing public services; they were especially interested in the progress on the privatization of Japan Post.

On sectoral issues, Members noted that the level of domestic support for agriculture seemingly exceeds the sector's contribution to GDP and that the bulk of this support distorts trade and production. Members encouraged Japan to address these concerns. Members appreciated reforms in the energy and services sectors, in particular, in financial services and telecommunications. Members expressed their belief that reform should continue with a view to enhancing competition not only in financial and telecommunications services, but also in transportation, distribution, tourism, construction, legal, accounting, medical and education services.

Members sought clarification on a range of other issues, including:

- customs procedures;
- rules of origin;
- contingency measures, including emergency safeguards;
- non-tariff border measures;
- state trading;
- export-related measures;
- taxation and tax-related assistance;

- agricultural reforms, trade arrangements for rice, self-sufficiency, fisheries;
- market access for manufactured products;
- and e-commerce.

Members expressed their appreciation of the oral and written responses to their questions provided by the Japanese delegation, and looked forward to receiving any outstanding answers to questions.

This successfully concludes our Review of Japan. The keen interest shown by Members, with large number of advance written questions, numerous interventions and high attendance, reflects the importance Members attach to Japan's key role at the WTO. In this context, I would encourage Japan to continue its strong support for the multilateral trading system. I also hope that Japan will take to heart the concerns expressed by Members, particularly with regard to its policies on agriculture, sanitary and phytosanitary measures, government procurement, FDI, and competition.

## Sierra Leone

This first Trade Policy Review of Sierra Leone has provided us with a better understanding of Sierra Leone's trade and related policies and of the challenges it faces. Our dialogue has been thorough and comprehensive, stimulated by the full and open engagement of the high-level Sierra Leonean delegation, as well as the insightful comments made by the discussant, and the thoughtful interventions by Members.

Members commended Sierra Leone for its economic stabilization and structural reforms since the end of civil unrest in 2002. They noted that the consolidation of peace, sustainable economic development and poverty alleviation remained formidable challenges, as did elements of governance and certain structural disadvantages.

Members emphasized the importance of trade as a tool for development and underlined the importance of the Integrated Framework and other co-operation initiatives. Sierra Leone did not benefit fully from its WTO Membership as the political situation and its own institutional capacity constraints did not always allow it to identify and/or exploit opportunities. Several Members indicated that despite their direct or indirect contribution in providing technical assistance to, and promoting trade with, Sierra Leone, progress in its integration into the multilateral trading system had been slow. Many Members underlined their commitment to continuing to provide trade-related technical assistance to Sierra Leone.

Members acknowledged Sierra Leone's efforts to simplify its customs tariff structure and harmonize it with that of other ECOWAS members that now apply the West African Economic and Monetary Union's (WAEMU) Common External Tariff (CET). Members noted that an ECOWAS Common External Tariff was expected to be in place as of 1<sup>st</sup> January 2008. Clarification was sought on the legal status of ECOWAS provisions vis-à-vis WTO provisions in Sierra Leone's regulatory framework. Members expressed their appreciation of the fact that all tariff lines are bound. They noted the use of additional levies and charges, as well as reference values, for customs valuation purposes.

In the light of its recent economic performance, Sierra Leone was encouraged to move ahead in implementing structural reforms, including privatization, to increase infrastructure- and health-related budgetary expenditures as well as to alleviate poverty.

Members noted the dependence of Sierra Leone on diamonds and agricultural commodities. Members acknowledged the adoption of a new Investment Promotion Act and interim rules and regulations for government procurement. They commended the introduction of a mandatory certificate-of-origin (Kimberley process) for diamond exports.

Members sought further clarification on:

- Macroeconomic policy issues;
- investment incentives;
- national standards;
- inter-regional integration process;
- ECOWAS-related matters;
- customs valuation and pre-shipment inspection;
- technical barriers to trade;
- protection of intellectual property rights;
- privatization plans;
- diamond sector reforms;
- GATS commitments and services sector liberalization;
- issues in financial, telecoms, energy, transport and tourism services;
- technical assistance needs and Trade Policy Clinics experience.

Members appreciated the replies provided by the delegation of Sierra Leone, and looked forward to further responses and clarifications.

In conclusion, I believe that through this Review we have come to a fuller and better appreciation of the progress made by Sierra Leone in recent years, and of the development

challenges that lie ahead. The number of advance questions, the active discussion and the level of attendance indicate the importance attached by Members to this Trade Policy Review, which allowed both Sierra Leone and participating Members to improve their understanding on certain policy issues. I encourage Sierra Leone to pursue the implementation of their reform programmes, with a view to enhancing the transparency, predictability, and credibility of its trade regime, and adherence to the WTO principles. But let me put this into context. Sierra Leone faces real constraints: Thus, technical assistance from the WTO and other relevant organizations is essential; Sierra Leone's needs in this regard have been well identified in the Secretariat report and we should endeavour to meet them. In addition, trading partners can help by ensuring that their markets are open to products from Sierra Leone, and by further exploring opportunities to assist them in fulfilling their development objectives.

## Qatar

This first Trade Policy Review of Qatar has given us a better understanding of its trade and related policies, and of the challenges it faces. The preparation of an excellent country report by Qatar has provided a useful opportunity for domestic review of trade policies – and the comprehensive assessment by the WTO Secretariat has provided all of us a valuable reference. Our dialogue has further contributed to our understanding through direct exchange between Members. It has been stimulated by the full and open engagement of the high-level Qatari delegation led by H.E. Sheikh Mohammed bin Ahmed bin Jassim Al-Thani, Minister of Economy and Commerce, as well as the insightful comments by the discussant, and the thoughtful interventions by other delegations.

Members commended Qatar for its impressive economic performance over the past few years. This was as a result both of its macroeconomic reforms and development strategy implemented since the mid-1990s, and of high oil and natural gas export earnings as from mid-1999. Members also appreciated Qatar's efforts to diversify its economy away from crude oil, and for ensuring intergenerational equity in the exploitation of its non-renewable resources, through health, education and infrastructure projects. Recent measures taken by Qatar to improve the business environment and liberalize its investment regime were also welcomed, although delegations noted that it remains restricted in certain key activities, such as banking, insurance and commercial services, some of which continue to be dominated by public companies.

Members appreciated Qatar's hospitality during the fourth Ministerial Conference where the Doha Development Agenda was launched, and encouraged it to increase its participation in WTO activities and to fully meet its notification requirements. Qatar's market for all products is quite open, and the bulk of its trade has taken place on an MFN basis. However, it was indicated that a slight increase in protection of certain industries followed the application of the GCC common external tariff by Qatar on 1 January 2003. In this regard, Members urged Qatar to take steps to make its applied tariff fully WTO compatible. Concerns were also expressed about the imposition of a 5% commission on parallel imports of certain products, and the enforcement of WTO provisions on customs valuation.

Some Members asked about Qatar's intention to adopt legislation on contingency trade remedies and competition policy. They encouraged Qatar to amend its government procurement regime to remove, inter alia, the local agent requirement, and the price preferences for domestic and GCC products. Members also sought further clarification on: preferential trade negotiations; import restrictions (prohibitions, licensing); incentive schemes and price controls; TBT and SPS measures; protection of intellectual property rights; agriculture (food security and state support); oil, natural gas and electricity (state intervention and further diversification); manufacturing ("Quality Qatarization" programme); and services (GATS commitments, financial, telecoms, transport, and tourism).

Members appreciated the responses provided by the Qatari delegation, including the clarifications provided with respect to customs valuation procedures.

In conclusion, I encourage Qatar to pursue the implementation of its already impressive reforms, including further improvement of its multilateral commitments, with a view to enhancing the transparency, predictability, and credibility of its trade regime, and adherence to WTO principles. I invite Members to assist Qatar by providing adequate technical assistance, including in trade capacity building, and by further opening their market for products towards which Qatar is diversifying its exports.

## Mongolia

This first Trade Policy Review of Mongolia has given us a better understanding of its trade and related policies, and of the challenges it faces. The preparation of an excellent

Country Report by Mongolia has provided a context for domestic exchange and reflection, and the comprehensive Report by the Secretariat has provided a valuable tool both for further domestic reflection and for transparency within the WTO. Our dialogue has been stimulated by the full and open engagement of the high-level Mongolia delegation led by H.E. Mr. Sukhbaatar BATBOLD, Minister for Industry and Trade, as well as by our discussant's insightful comments and many thoughtful interventions by Members.

Members commended Mongolia for the very significant progress it has made in its transition from a centrally planned to a market-based economy; this has led to significant growth, especially since 2002, with a real turnaround in agriculture and a buoyant services sector. Members also noted that Mongolia's still narrow production base made it vulnerable to external shocks; they urged Mongolia to continue its market-oriented reform process, such as continued liberalization of trade in services, with a view to enhancing competition.

Members welcomed Mongolia's active participation in the multilateral trading system, including its support for the Doha Development Agenda, particularly in respect of agriculture and trade facilitation; the latter might address difficulties associated with Mongolia's land-locked status. Members expressed their appreciation of the steps taken by Mongolia to liberalize its trade and investment regime; currently most imports enter Mongolia either duty-free or subject to a uniform tariff of 5%. Many Members urged Mongolia to narrow the gap between applied and bound MFN tariff rates, to increase predictability, while others believe this gap to be consistent with Mongolia's current level of development. Members encouraged Mongolia to eliminate its export duties, which might be inducing smuggling. Members urged Mongolia to extend national treatment to imports of some items subject to excise tax, and to eliminate tax incentives based on export performance for business entities with foreign investment.

Members also expressed their appreciation of Mongolia's measures to privatize its state-owned enterprises. Some Members encouraged Mongolia to employ a more open government procurement regime. They encouraged Mongolia to further align its standards and technical regulations with international norms; some Members queried the transparency of its technical regulations. Steps to strengthen intellectual property rules and their enforcement were welcomed. Members enquired about factors discouraging foreign direct investment (FDI) into Mongolia; in their view, further action to assure the predictability and transparency of the trade and investment regimes would create a more investment-friendly environment.

On sectoral issues, Members welcomed reforms in agriculture, mining and services sectors, in particular, in financial services and telecommunications. They believed that reform in these sectors should continue with a view to attracting more FDI.

Members appreciated the oral and written responses to their questions provided by the Mongolian delegation, and look forward to receiving further written responses to their questions at the earliest possible date.

This successfully concludes our first Review of Mongolia. Members have shown a keen interest in Mongolia's trade and related policies and its participation in the WTO. In this context, I would encourage Mongolia to continue its support for the multilateral trading system. I also hope that Mongolia will take to heart Members' concerns, and that it will continue with its reform process. At the same time, I also invite Members to assist Mongolia by providing adequate technical assistance, including in trade capacity building, and by further opening their markets to Mongolia's exports.

## Paraguay

This second Trade Policy Review of Paraguay has contributed to an improved understanding of its trade and related policies and of the challenges Paraguay faces. As was commented by our discussant, Ambassador Saborío, the most important part of a Trade Policy Review is the domestic dialogue it requires amongst government departments and other stakeholders. He also noted that the reports of the country under review and the Secretariat become important reference documents for all Members and I thank both the delegation of Paraguay and the Secretariat for the excellence of their work.

This meeting has provided an opportunity for transparency and for useful exchange. This was possible in good part due to the personal participation of Minister Bergen, Vice-Ministers Ramírez and Segovia, and Ambassador Gauto, as well as the excellent work of the rest of the Paraguayan delegation. The full support provided by the Paraguayan authorities to the whole review process shows the importance that Paraguay attaches to the multilateral trading system. I also thank Ambassador Saborío and Members for their thoughtful interventions, all of which contributed positively to our work.

Members highlighted Paraguay's resumption of economic expansion, after years of stagnation resulting in part from external shocks. Trade was instrumental to the recovery, playing as it does a key role in the economy. Paraguay was encouraged to consolidate

the macroeconomic policies that have fostered growth, and to carry on further reforms to modernize the public sector, and strengthen its institutions.

Members commended Paraguay for its active participation in the WTO and its contribution to the Doha Development Agenda, and noted its efforts in favour of landlocked economies. The relationship between Paraguay's WTO and MERCOSUR commitments was raised by a number of Members.

Members called attention to Paraguay's modest investment record, and the suspension of the privatization process. It was suggested that, to foster investment, greater predictability and transparency in the investment regime were necessary. In this respect, further GATS commitments by Paraguay could play an important role.

Members agreed that Paraguay had taken significant steps to modernize and simplify its trade regime. Paraguay's applied tariffs have declined since 1997, although the overall average tariff on agricultural products remains higher than on other products. Questions were posed on other measures affecting imports, such as non-tariff charges, and on the notification and transparency of technical regulations and SPS requirements. The use of export taxes and controls during the period under review was questioned.

Enquiries were made about Paraguay's incentive programmes, such as the automotive and maquila regimes, and about the absence of subsidies or TRIMs-related notifications to the WTO. Members observed that the enactment of new public procurement legislation had brought greater transparency and predictability to government purchases. Members also took note of Paraguay's steps to enhance the protection of intellectual property rights, and encouraged it to continue these efforts.

Members were of the view that Paraguay should continue with the reform of its services sector. Members enquired, and Paraguay provided clarifications, about expected changes to the public banks legislation, treatment of foreign investors in banking and the development of the telecommunications sector. It was noted that Paraguay's international transportation costs remain amongst the highest in the Western Hemisphere, and Paraguay was prompted to consider opening the sector to further competition.

I thank the Paraguayan delegation for the written answers provided to Members' questions.

In conclusion, I welcome Paraguay's ongoing efforts to strengthen its institutions and to use trade as a catalyst for growth, and encourage it to enhance its multilateral commitments to give greater predictability to its trade and investment regimes. At the same time, I invite Members to address the trade barriers and market distortions that affect Paraguay's exports. With these remarks I conclude the Trade Policy Review of Paraguay.

## Nigeria

We have conducted this third Trade Policy Review of Nigeria in a frank and constructive manner. We have benefited from the contribution of the Nigerian delegation, led by Mrs. Ogunleye, Permanent Secretary of Federal Ministry of Commerce, the very insightful comments by our discussant, Dr. Alexander Gross, and the detailed questions and thoughts of several Members.

Members appreciated Nigeria's active participation in the multilateral trading system, including the ongoing negotiations. They stressed its important role in regional integration in Africa, mainly through its membership of the Economic Community of West African States (ECOWAS). Members also commended Nigeria on its efforts towards full democracy and on steps taken to reduce corruption, but stressed the need for a further improvement of its business environment.

Nigeria's macroeconomic and structural reform efforts, including through the National Economic Empowerment and Development Strategy (NEEDS), were acknowledged, and the contribution of developments in the international oil market to its recent economic performance was emphasized. Nonetheless, trade barriers and increased foreign assets from oil exports have maintained inflation at a high level, while trade protection and the exchange rate regime have fuelled informal trade.

Members expressed concerns about the increase in the level of protection of Nigeria's economy since its last TPR in 1998: MFN tariffs have been raised on many products, the number of import bans has been increased tenfold, and, in addition, various other duties and charges apply to imports. These measures, together with various duty and tax concession schemes – sometimes subject to local-content requirements –, make Nigeria's trade regime complex, while the binding of import duties at ceiling rates further challenges its predictability. State ownership remains high and preshipment inspection is required on imports. Members urged Nigeria to liberalize its trade regime and to implement the WTO Customs Valuation Agreement. The implementation of the liberalization programme adopted by ECOWAS should help.

Members welcomed Nigeria's reform efforts in the services and energy sectors, and sought clarification about the pursuit of the reforms. Members also asked questions on other issues, notably: trade policy formulation and implementation; quantitative restrictions and the licensing system; contingency trade remedies; standards and other technical requirements; public procurement; intellectual property rights; and specific measures related to agriculture.

Members appreciated the responses provided by the Nigerian delegation, and looked forward to further written replies.

In conclusion, it is my understanding that Members have encouraged Nigeria to pursue its macroeconomic reforms, with an emphasis on trade liberalization through simplification and reduction of import duties, elimination of import bans, and adoption of trade facilitation measures and WTO-consistent rules and regulations. Such reforms, together with the dismantling of supply side constraints and improvements in Nigeria's multilateral commitments in goods and services, should promote both a better allocation of resources in line with Nigeria's enormous comparative advantages, and the diversification of the economy away from petroleum products. These should contribute to mainstreaming trade into Nigeria's development strategy and to the effectiveness of its poverty reduction strategy. Nigeria's trading partners could help by providing market access opportunities.

## Ecuador

The first Trade Policy Review of Ecuador has shed light on Ecuador's trade and investment policies and practices, and on the economic and institutional framework within which they are formulated and implemented. We owe this to the participation of Vice-Minister Espinosa, Ambassador Escudero, and the rest of the Ecuadorean delegation; the thoughtful interventions by Ambassador de Mateo; the questions of the Members; the documentation prepared for the meeting; and the domestic consultation and review process that underlie this documentation. Throughout the review process, the authorities of Ecuador have shown a strong commitment to transparency and thus made a key contribution to the success of this Review.

I should first like to emphasize that Members welcomed the positive performance of Ecuador's economy in recent years, as reflected by the growth in per capita income, low inflation and the reduction in public debt. These achievements were attributed to both domestic reforms and a favourable external context, and followed a series of adverse developments in the latter part of the 1990s. Members encouraged Ecuador to maintain fiscal discipline and persevere with its structural reform programme to make the economy more resilient to future external shocks.

Members acknowledged Ecuador's efforts to strengthen its legal and institutional framework. They commended Ecuador for taking significant steps to implement its WTO commitments but noted that Ecuador could further enhance transparency by fulfilling its outstanding WTO notification obligations. Members took note of the importance that Ecuador attaches to bilateral and regional initiatives, and emphasized the need to ensure that those initiatives are complementary to the multilateral trading system. Ecuador was invited to enhance its attractiveness as an investment destination by using WTO commitments to give greater predictability to its legal and institutional framework.

Members welcomed the significant steps Ecuador had taken to liberalize its trade regime through unilateral, regional, and multilateral initiatives. In particular, Members noted that Ecuador has bound its entire tariff schedule, and that applied rates have fallen considerably. However, the wide gap between applied and bound rates reduces predictability, and some applied rates appear to exceed their bound levels. Ecuador's limited use of contingency measures was highlighted. Several Members questioned Ecuador's application of certain import charges, its use of a price-band system, and the administration of tariff quotas.

The persistence of some non-tariff barriers was a source of concern. In particular, Members urged Ecuador to continue the reform of its import licensing regime. They also referred to Ecuador's lengthy customs procedures, and invited Ecuador to pursue its modernization programme and to take full advantage of on-going trade facilitation negotiations in the WTO. Members invited Ecuador to adhere fully to WTO obligations in the areas of customs valuation, sanitary and phytosanitary measures, and technical barriers to trade.

Ecuador provided information on the scope and use of the drawback and maquila programmes, and answered questions on competition policy, government procurement, and intellectual property rights.

Members praised Ecuador for adopting relatively broad commitments under the GATS. They encouraged Ecuador to adhere to the WTO Reference Paper on telecommunications, and urged it to table a comprehensive and ambitious offer in the context of the WTO

services negotiations. Members encouraged Ecuador to persevere with the reform process in electricity, financial services, telecommunications, and transport in order to improve the competitiveness of its economy.

I conclude by thanking the Ecuadorean delegation for the oral and written responses provided during the meeting. I look forward to receiving outstanding answers within the delay allowed. I welcome Ecuador's ongoing efforts to liberalize and improve the predictability and transparency of its trade regime, and encourage Ecuador to take advantage of the current favourable economic climate to address remaining trade and investment barriers. I trust that our discussions in this Review will help Ecuador identify and ease those barriers to ensure the sustainability of economic growth.

## The Philippines

The third Trade Policy Review of the Philippines has been informative and open, thus contributing to a better understanding of recent developments in the Philippines' trade and related policies and the domestic circumstances in which these policies are formulated and implemented. The preparation of the Country Report has provided an opportunity for domestic discussion and reflection and, together with the excellent Secretariat Report, has contributed to transparency and enabled Members to assess the trade policies and practices of the Philippines. Our discussion has greatly benefited from the active engagement of the Philippines' delegation as well as from our discussant's insightful comments and many thoughtful interventions by Members.

Members were encouraged by the recovery of the Philippines' economy after the Asian financial crisis. Members welcomed the Government's reform efforts, particularly concerning trade liberalization, fiscal consolidation and privatization. Members encouraged the Philippines to continue its reform process and improve access to its markets.

Members welcomed the Philippines' commitment to the multilateral trading system, including its strong support for the Doha Development Agenda. In this context, Members welcomed the Philippines' recent tabling of its initial services offer.

Members expressed their appreciation of steps taken by the Philippines to liberalize further its trade regime. While noting that its average applied tariff rate is relatively low among developing countries, Members were concerned about the predictability of applied tariffs, referring in particular to the increase in the average applied tariff rate in 2004. With a view to increasing predictability, Members urged the Philippines to narrow the gap between applied and bound MFN tariff rates and to bind more tariff lines. Members also encouraged the Philippines to simplify its non-tariff measures. While welcoming the Philippines' efforts to increase the transparency of its government procurement regime, Members were concerned about the existence of a strong preference for domestic goods and services. Some Members encouraged the Philippines to participate in the Government Procurement Agreement. Steps to strengthen intellectual property rules were welcomed; Members encouraged the Philippines to strengthen enforcement of such rules. Members commended the Philippines' ongoing efforts to align its national standards with international ones, and encouraged its continued efforts in this regard. In addition, while expressing their appreciation of recent steps by the Philippines to reduce barriers to inward foreign direct investment (FDI), Members were interested in the Government's plans to liberalize further the FDI regime. Members sought clarification on a range of issues including customs procedures, subsidies, safeguard measures, and trade and environment.

On sectoral issues, Members noted the growing importance of the manufacturing and services sector in the Philippines' economy. Members expressed their appreciation of reforms in the services sector, in particular, in financial services and transport. Many Members urged the Philippines to ratify the Fourth and Fifth protocols of the GATS. Some Members noted the growing importance of overseas remittances in the Philippines economy, and in this context, of Mode 4 liberalization.

Members expressed their appreciation of the oral and written responses to their questions provided by the Philippines delegation, and looked forward to receiving outstanding answers to questions.

## Egypt

We have conducted this third Trade Policy Review of Egypt in a thorough and highly informative manner. Through our dialogue with the Egyptian delegation we have obtained a better understanding of the developments in Egypt's trade policies and practices over the last six years. Our discussion has greatly benefited from the presence of a large Egyptian delegation, led by Dr. Samiha Fawzy, the insightful comments of our discussant, Ambassador de Seixas Corrêa, and the active involvement of a large number of Members.

Members conveyed their condolences to the Egyptian delegation for the terrorist attack in Sharm el Sheikh. They appreciated Egypt's firm commitment to and active participation in the multilateral trading system, including the Doha Development Agenda. Noting that Egypt also participates in regional and bilateral trade agreements, Members enquired about the preferences available under these arrangements. Members acknowledged Egypt's macroeconomic and structural reform efforts, including the privatization programme and the liberalization of the exchange rate regime. Trade has been an important motor for Egypt's current economic recovery. Nonetheless, while inflation rates have been brought under control, fiscal deficits have remained high, and growth rates have been too low to have a significant impact on poverty and unemployment.

On trade policies, Members generally commended Egypt on its unilateral tariff reduction since its last Trade Policy Review in 1999. While they congratulated Egypt for its efforts to reduce the number of tariff lines where applied rates exceed the corresponding bound rates, they urged it to bring the remaining lines into conformity with its WTO obligations. Various Members also encouraged Egypt to simplify its tariff structure by, *inter alia*, reducing its tariff peaks of up to 3,000%. Members welcomed Egypt's efforts to streamline customs procedures, including the implementation of the WTO Agreement on Customs Valuation, but some expressed concerns about the continuing use of customs surcharges and the discretionary behaviour of customs officials. Members sought clarification about standards, technical regulations (including shelf-life requirements) and mandatory quality controls, and asked Egypt to enhance transparency and efficiency in the formulation and enforcement of such measures. Members also invited Egypt to resume its notifications to the WTO Committees on Agriculture, SPS, and TBT.

Members noted the vital and growing importance of services for the Egyptian economy. They expressed appreciation for reforms in the services sector, in particular in financial services and telecommunications, and were interested in plans for further privatization and dismantling of MFN exemptions. Members also asked questions on other issues, notably: enforcement and protection of intellectual property rights, local-content requirements, government procurement, contingency measures, the investment regime, agriculture, and energy.

Members appreciated the responses provided by the Egyptian delegation.

In conclusion, it is my feeling that, the keen interest shown by Members in this Review reflects the important role that Egypt plays in the multilateral trading system. The Review has drawn attention to steps taken by Egypt in liberalizing its trade regime, to the challenges it faces, and to areas in which policy reforms could be enhanced. I advocate that Members support Egypt in its reform efforts by providing further market access to its goods and services, and by being attentive to its requests for technical assistance.

## Trinidad and Tobago

This second Trade Policy Review of Trinidad and Tobago has contributed to a better understanding of its current trade policy regime. The preparation of the Country Report and the written responses to the questions by the Members have provided a valuable opportunity for domestic assessment of trade policy. The Country and Secretariat Reports, and the exchange between Members during the review, have contributed to transparency within the WTO, provided valuable resource documents for all Members, and offered very useful food for thought for Trinidad and Tobago in the pursuit of their continued development. The participation of Minister Kenneth Valley, Permanent Secretary Leacock and their delegation has greatly contributed to our work, for which we express our sincere thanks. Our thanks are also due to our discussant, Ambassador Glenne, for his excellent contribution to our discussions, and to the many Members who have intervened to contribute to the success of this review.

Members commended Trinidad and Tobago for its very good economic performance since its last review in 1998. This success reflects a favourable external environment and, more importantly, Trinidad and Tobago's commitment to outward-oriented policies and to the principle that free trade is the most viable option to achieve social and economic progress. Members also welcomed the creation of a hydrocarbons stabilization fund and Trinidad and Tobago's emphasis on investing in human capital. This approach bodes well for its efforts to further reform and diversify its economy, and thus achieve the ambitious objectives of Vision 2020, its national development strategy.

Members highlighted Trinidad and Tobago's positive and active role in the WTO, both within its day-to-day operation and in the DDA negotiations. Its submission of an initial offer on services was commended. Trinidad and Tobago's strong position in the CARICOM was noted, and Members welcomed its commitment to pursuing regional initiatives in a manner complementary to the multilateral trading system.

Members recognized that Trinidad and Tobago had a generally open trade regime, but noted that it would benefit from further reform. It was observed that Trinidad and Tobago had bound its entire tariff in the WTO and that, since its last review, had trimmed the surcharges applied on agricultural imports. Trinidad and Tobago was urged to narrow the gap between applied and bound tariff rates so as to enhance the predictability of its trade regime. Some applied tariffs apparently exceed bound rates, and Trinidad and Tobago engaged to examine measures to address this. While recognizing Trinidad and Tobago's limited use of non-tariff charges on imports, some Members expressed concern about the increasing use of antidumping measures and about certain aspects of the SPS and TBT regimes.

Trinidad and Tobago provided information on its investment regime and clarified a number of issues about its various incentive schemes. Members welcomed Trinidad and Tobago's reform of the government procurement system and suggested it carry out further improvements. Some Members also urged Trinidad and Tobago to introduce competition policy legislation. Comments were also made with respect to privatization and other subjects such as import licensing, state-owned enterprises, and IPRs.

Trinidad and Tobago was commended for its liberalization of the financial services and telecommunications sectors, but Members noted that further steps are required, for example, to reform the maritime transport sector and promote competition in the telecommunications sector. It was also suggested that Trinidad and Tobago close the gap between its GATS commitments and the actual greater openness of its services sector.

This brings us to the conclusion of the second Review of Trinidad and Tobago. We all appreciate Trinidad and Tobago's strong economic performance, underpinned as it has been by sound macroeconomic policies and structural reforms. I welcome Trinidad and Tobago's active engagement in the multilateral trading system and its commitment to a trade regime that is open, sustainable and aligned with the principles and objectives of the WTO. I invite Trinidad and Tobago to give its trade regime greater predictability by enhancing its multilateral commitments in the context of the DDA. This would both help Trinidad and Tobago achieve its ambitious development goals and strengthen the multilateral trading system within which Trinidad and Tobago has emerged as one of the most dynamic members.

## Tunisia

This second Trade Policy Review of Tunisia has enlightened us on the country's economic and trade performance since the first review in 1994. Our discussions were facilitated by the active and open participation of the Tunisian delegation, headed by H.E. Minister Mondher Zenaïdi, by the discerning comments of the discussant, and by the inspiring statements of Members.

Members congratulated Tunisia on its good economic performance and its progress in improving its standard of living, achieved largely thanks to its macroeconomic reforms over the past decade. Several Members enquired about the regional and bilateral agreements concluded by Tunisia and about the role of trade policy and the multilateral trading system in its strategy of sustainable development and reduction of unemployment. In view of Tunisia's economic regulation, Members felt that in order to stimulate the economy and reduce unemployment, there was a need for further reforms aimed at liberalizing the trade and foreign exchange regimes, eliminating the dualism between the export sector and the domestic sector, and reducing the presence of the State.

Some Members congratulated Tunisia on its recent efforts in the area of trade facilitation and dismantling of quantitative import restrictions. However, customs clearance procedures remained slow and technical inspections complex. A number of Members invited Tunisia to improve its multilateral tariff bindings while reducing its applied MFN tariffs (32 per cent on average, and 67 per cent for agricultural products), some of which exceeded the bindings. There was also mention of the need to rationalize the numerous incentives (including investment, production and, in particular, export incentives) as well as the high internal taxes.

Tunisia was asked to clarify the prospects for diversification of the manufacturing sector in view of the growing competition in the leading export sector, textiles and clothing. Certain Members felt that if Tunisia were to open up its services sector (telecommunications, and postal and financial services), for example by strengthening its commitments under the GATS, the economy would be more attractive to foreign investors and the country would be in a better position to exploit its comparative advantages in sectors such as tourism, business services, and health and wellness services. Tunisia was also asked to clarify its local content measures (pharmaceutical and automotive industries), the revision of the 1955 Customs Code, government procurement, and the protection of intellectual property.

Members welcomed the Tunisian delegation's in-depth replies to the different questions.

In conclusion, this meeting brought to light the economic reforms introduced by Tunisia and provided an opportunity to discuss further reforms that could help it to deregulate its economy in general and to rationalize its trade regime in particular. Broader trade reform should enable Tunisia to adhere more closely to the principles of the WTO, to overcome the dualism within its economy, and to exploit its comparative advantages more effectively. Coupled with reduced State involvement in economic activities, these reforms would lower production costs and revitalize the Tunisian economy. Moreover, an improvement in its multilateral commitments would help to make its trade regime more transparent and predictable. I call upon Members to support Tunisia in this effort by guaranteeing improved access to their markets.

## Republic of Guinea

This second Trade Policy Review of the Republic of Guinea has given us the opportunity to analyse the country's economic and trade development over the past six years and to acquire a better understanding of the serious challenges involved. The delegation of Guinea, headed by H.E. Mrs Hadja Djènè Saran Camara, Minister of Trade, Industry and the SMEs, was extremely helpful in this respect. I would also like to thank Mr Farhane for his very positive contribution, and all of the Member countries that contributed to the success of this Review.

Given the difficult economic, social, and regional context that the country has had to contend with, Members commended Guinea for its effort to strengthen its legal and regulatory framework, and for its poverty reduction policy. The new monetary and fiscal policies should help to control inflation and restore the macroeconomic stability needed to revive growth and to secure the support of the international community. Members also took note of Guinea's exchange rate liberalization. Certain speakers stressed that a new law on corruption should contribute to improving governance which, we must remember, remains a major challenge.

In the trade regulation area, Members appreciated the reforms leading to the unification of customs levies and to the elimination of preshipment inspection procedures, as well as the efforts to improve transparency in government procurement. However, many of the applied duties exceed the bound rates, and tariff exemptions are common in certain sectors. Several participants enquired about the implementation of the Customs Valuation Agreement, while others asked how Guinea intended to combat the massive imports of pirated goods.

At the sectoral level, Members stressed Guinea's wealth in natural resources and its economic potential, observing that several sectors, such as agriculture, mining, tourism, and transport, could contribute to the country's economic growth. They encouraged Guinea to take on further commitments within the WTO, if only to make its legislative framework more predictable, thereby attracting investment.

Members welcomed the replies given by the delegation of Guinea and looked forward with interest to receiving further information. Many of them pointed to the importance of providing Guinea with technical, financial and material support.

In conclusion, this meeting has enabled Members to express their support for Guinea in the face of difficult economic and social circumstances. Our discussions have convinced us that Guinea is sticking courageously to the path of reform, aware that an open and transparent trade framework is the best way of boosting trade and hence supporting sustainable economic growth. I fully associate myself with Members in encouraging Guinea to pursue its macroeconomic and trade reforms, and I urge Members to support Guinea in this effort by guaranteeing both assistance and improved access to their markets for its products and its service suppliers.

## Bolivia

This third Trade Policy Review of Bolivia has contributed to an improved understanding of Bolivia's trade and related policies, as well as of the challenges it faces. The Country and Secretariat Reports, the exchanges between Members during the review, and the written responses provided by Bolivia to questions by Members have added to the transparency that is sought within the WTO, provided valuable resource materials for all Members, and offered useful insights for policy formulation in Bolivia. The participation of Vice-Minister Asín, Ambassador Moscoso and their delegation greatly contributed to our work, for which we express our sincere thanks. Our thanks are also due to our discussant, Ambassador Hugueney, for his insightful contribution to our discussions, and to the many Members who have intervened to contribute to the success of this review.

Members welcomed Bolivia's recent export-driven growth but were troubled by the stagnation of per capita income since its previous Review in 1999. Moreover, although dynamic, exports were still concentrated in a handful of products and markets. Several Members considered that Bolivia's landlocked situation created significant constraints to development and trade but it was also suggested that there were ways in which these constraints could be eased. Thus, Bolivia was encouraged to increase investment in infrastructure and in human capital. It was also invited to promote competition, including through the adoption of a comprehensive competition law.

Members noted Bolivia's political and social instability in recent years. Against the background of already falling foreign investment, they expressed concerns over the uncertainty introduced by the adoption of the new Hydrocarbons Law, and its effects on both domestic and foreign investment. In this connection, Bolivia could provide greater predictability to its investment regime by anchoring it externally through multilateral commitments. In particular, some Members invited Bolivia to make further GATS commitments in specific areas, which currently fall far short of the actual level of liberalization of Bolivia's services sector.

Members commended Bolivia for its strong commitment to trade liberalization despite the difficulties it experienced during the period under review. In the long term, this commitment will place Bolivia in a good position to reap the benefits of increased trade and economic growth. Members also praised Bolivia for its active participation in the WTO including in the DDA. Members noted Bolivia's participation in a number of preferential trade agreements, and highlighted the importance of ensuring that these agreements complement the multilateral trading system.

There was general praise for Bolivia's efforts to modernize and simplify its trade regime, which was considered on the whole open. Members welcomed Bolivia's efforts to facilitate trade although they also mentioned that customs procedures could be further streamlined. In addition, Bolivia was invited to reduce the gap between applied and bound tariffs. One Member suggested that Bolivia take steps to reduce informal trade, while some others invited it to ensure that SPS measures do not impose unnecessary barriers to trade. Members welcomed Bolivia's efforts to improve IPR protection and encouraged it to complete the process initiated in 2001 to adopt a new law.

This brings us to the conclusion of Bolivia's third Trade Policy Review. I thank the Bolivian delegation for the responses provided during the meeting and look forward to receiving answers on outstanding questions. I welcome Bolivia's stated conviction that an open trade and investment regime contributes to economic development and poverty alleviation. This outward orientation together with a coherent approach to address internal problems will be critical for Bolivia to achieve faster, sustainable growth. The external environment is important as well. In this respect, I invite Members to address the trade barriers that affect Bolivia's trade. I also urge Bolivia to enhance its multilateral commitments in the context of the DDA both to help strengthen the multilateral trading system and to provide its trade regime with greater predictability.

## Romania

This third Trade Policy Review of Romania has allowed us to improve our understanding of the developments in its trade and related policies since its previous Review in 1999, and of the challenges that lie ahead. Our dialogue has been thorough and comprehensive, stimulated by the participation of the Minister delegate for Trade, Mr. Iuliu Winkler, and his delegation. Our thanks are also due to our discussant, Ambassador Manzoor Ahmad, for his insightful contribution to our discussions, and to the Members who have contributed to the success of this review.

Members welcomed Romania's positive overall economic performance during the last few years, with high GDP growth, and falling unemployment, inflation and fiscal deficit. They noticed that the ongoing reforms are contributing to the establishment of a competitive market economy, and encouraged Romania to continue its structural reforms, so as to address governance problems and improve its business environment. The reforms, together with increased investment in infrastructure and in human capital, would help to further stabilize the economy, with a particular attention to the external current account.

Members noted Romania's commitment to the multilateral trading system. Some Members indicated that integration into the EC, planned for 2007, constitutes Romania's paramount objective; its trade is increasingly made under bilateral and regional agreements and its trade regime is progressively aligned on the EC's. Some Members remarked that Romania's trade would gain from further tariff reforms that should, inter alia, reduce the margins between applied and bound MFN rates, mainly on agricultural products. They praised Romania's wide-ranging 2004-25 strategy to restructure

agriculture, but called attention to the insulation of the sector from competition as a result of its limited coverage by Romania's preferential trade agreements.

Members also commended Romania for the steps being taken to address inefficiencies in mining, energy, and manufacturing, including the enactment of new laws and privatization to reduce State involvement in the economy. Members noted that further liberalization of services may improve the efficiency of Romania's economy and the competitiveness of its exports, especially by reducing costs related to financial services, telecommunications, and transport.

Members sought clarification on other issues, notably: customs procedures; internal taxation; import and export licensing; contingency trade remedies; standards and SPS measures; export and investment incentives; public procurement; and protection of intellectual property rights.

Members expressed their appreciation for the responses to their questions as provided by the Romanian delegation.

In conclusion, Members value Romania's efforts to improve its economic environment. I encourage Romania to continue improving its multilateral commitments, both on goods and services, with a view to providing its trade regime with greater predictability and credibility. Trading partners can help by ensuring that their markets are fully open to Romania's exports.

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## Annex II – WTO Publications

This booklet contains publications which can be purchased directly from the World Trade Organization. For the most up-to-date list, please visit the on-line bookshop on the WTO website at [www.wto.org](http://www.wto.org)

### Legal publications

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#### **The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts**

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

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-217-8580-4 Paperback

Price: CHF 70.00

Leatherbound edition with Bookmarks

Price: CHF 200.00

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#### **WTO Basic Instruments and Selected Documents**

The official collection of legal documents, protocols, and reports adopted by the World Trade Organization. It contains the Protocols for Accession for new WTO members along with other legal instruments.

Co-published with Bernan Press (contact details on page 98)

Volume I (1995) – February 2003 ISBN: 08-9059-191-1

Volume II (1996) – February 2005 ISBN: 92-870-3302-1

Hardback

CHF 110.00

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#### **GATT Basic Instruments and Selected Documents – Vol 1 – 42**

This complete set contains all 42 volumes of the GATT BISD series. This annual series presents the principal decisions, resolutions, recommendations and reports adopted by the GATT contracting parties every year. A volume was published every year from 1953 up to 1994.

Co-published with William S. Hein (contact details on page 98)

Hardback Edition

Price: CHF 1835.00

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### **WTO Analytical Index — Guide to WTO Law and Practice**

First Edition (2 volumes) The WTO Analytical Index is the authoritative guide to the interpretation and application of findings and decisions of WTO panels, the WTO Appellate Body and other WTO bodies. The material is presented in separate chapters for each WTO agreement. These chapters generally present the text of the particular article or agreement, chronologically arranged excerpts of relevant jurisprudence and decisions, a discussion of the relationship to other articles and WTO agreements, and cross-references to the GATT Analytical Index when applicable.

Co-published with Bernan Press (contact details on page 98)

ISBN 08-9059-603-4

Hardback

Price CHF 203.00

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### **GATT Analytical Index: Guide to GATT Law and Practice (1995)**

The GATT's own article-by-article handbook on the General Agreement, describing the draft history, interpretation and application of the rules, based on official documentary records.

The 6th edition is the most complete and up to date presentation of GATT law: it spans 1945 to the end of 1994, when the World Trade Organization was established. It includes decisions by GATT bodies, the many interpretations of GATT law made by dispute settlement panels, and a new chapter on institutional and procedural matters.

Thoroughly researched, each chapter analyses precedents and practice, and presents the relevant material in the original text, with full documentary references.

Co-published with Bernan press (contact details on page 98)

ISBN: 08-9059-480-5

Price: CHF 150.00

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### **WTO Status of Legal Instruments**

This loose-leaf edition is an up-to-date account of the legal instruments, showing a complete list of agreements and protocols in force, and the situation of their ratification and entry into force.

Supplement n° 4 – ISBN: 92-870-3322-6

Supplement n° 3 – ISBN: 92-870-1237-7

Supplement n° 2 – ISBN: 92-870-1236-9

Supplement n° 1 – ISBN: 92-870-1164-1

Price: Binder + Supplement No. 1 CHF 50.00

Each subsequent supplement CHF 20.00

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## **WTO Agreements Series**

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### **Agreement Establishing the WTO**

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.

ISBN: 92-870-1168-0

Price: CHF 30.00

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### **GATT 1994 and 1947**

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.

ISBN: 92-870-1165-6

Price: CHF 30.00

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### **Agriculture**

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.

ISBN: 92-870-1207-5

Price: CHF 30.00

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**WTO Sanitary & Phytosanitary Measures**

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.

ISBN: 92 870 1207 5

Price: CHF 30.00

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**Technical Barriers to Trade**

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.

November 2004

ISBN: 92-870-1245-8

Price: CHF 30.00

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**Legal Instruments embodying the Results of the Uruguay Round – 1-34**

The legal instruments embodying the results of the Uruguay Round of multilateral trade negotiations, adopted in Marrakesh on 15 April 1994, published in a set of 34 volumes. The complete set covers the legal texts, the ministerial decisions and the Marrakesh declaration, the signatory countries, as well as the individual agreements, the schedules of specific commitments on services, the tariff schedules for trade in goods, and the Plurilateral Agreements.

Schedules in the original language only.

Available from William S. Hein Inc. (contact details on page 98)

Hardback Edition

Price: CHF 3900.00

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**Annual publications**

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**WTO Annual Report**

The Annual report of the WTO focuses on the regular activities of the organization, the details of its current structure, staff and budget. The Annual report is published in the first half of each year.

WTO Annual Report 2005 – ISBN: 92-870-3307-2

WTO Annual Report 2004 – ISBN: 92-870-1239-3

WTO Annual Report 2003 – ISBN: 92-870-1223-4

Price: CHF 50.00

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**World Trade Report**

The World Trade Report is an annual WTO publication focused on trade trends and policy issues. The 2004 edition reviews recent trade developments and examines issues including coherence in trade and macroeconomic policies, geographical indications, and the liberalization of trade in services through the temporary movement of natural persons.

World Trade Report 2005 – ISBN: 92-870-3310-2

World Trade Report 2004 – ISBN: 92-870-1240-7

World Trade Report 2003 – ISBN: 92-870-1230-X

Price: CHF 60.00

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**International Trade Statistics**

This report provides comprehensive statistics on trade in merchandise and commercial services for an assessment of world trade flows by country, region and main product groups or service categories.

Some 250 tables and charts depict trade developments from various perspectives and provide a number of long-term time series. Major trade developments are summarized and discussed in the first part of the report under Overview. Detailed trade statistics are provided in Appendix tables.

International Trade Statistics 2005 – ISBN 92-870-3313-7 – November 2005

International Trade Statistics 2004 – ISBN 92-870-0241-X – November 2004

International Trade Statistics 2003 – ISBN 92-870-1225-3 – November 2003

Price CHF 50.00

The International Trade Statistics report is also available on a CD-Rom or online at [http://www.wto.org/english/res\\_e/statis\\_e/statis\\_e.htm](http://www.wto.org/english/res_e/statis_e/statis_e.htm).

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### **A Handbook on the GATS Agreement**

This handbook aims to provide a better understanding of GATS and the challenges and opportunities of the ongoing negotiations. For users who are familiar with the General Agreement on Tariffs and Trade (GATT), similarities and differences are pointed out where relevant. Likewise, for users who are familiar with the balance-of-payments definition of 'trade', departures from the Agreement's coverage are explained. To stimulate further thinking about the core concepts and implications of the Agreement, several text boxes have been included to provide 'food for thought', and at the end of each chapter test questions have been added to recapitulate and ensure understanding of the core content.

May 2005

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-218-5071-1 Hardback

Price: CHF 100.00

ISBN: 05-216-1567-4 Paperback

Price: CHF 45.00

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### **A Handbook on the WTO Dispute Settlement System**

This guide has been prepared by the WTO Secretariat to explain the practices that have arisen in the operation of the WTO dispute settlement system since its entry into force on 1 January, 1995. Its detailed content will be useful to expert practitioners as well as to those wanting to gain a basic understanding of the dispute settlement system.

July 2004

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-216-0292-0 – Paperback

Price: CHF 75.00

ISBN: 0-521-84192-5 – Hardback

Price: CHF 160.00

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### **A Handbook of Anti-Dumping Investigations**

This unique handbook prepared by specialists in the WTO Secretariat covers the major areas arising in anti-dumping investigations as embodied in the relevant WTO provisions. It provides explanations for grasping the intricacies of anti-dumping proceedings. This book will interest anyone dealing with anti-dumping and related issues in international trade.

Can also be ordered from Cambridge University Press (contact details on page 98)

ISBN: 05-218-3042-7

Price: CHF 144.00

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### **Dictionary of Trade Policy Terms**

**Walter Goode**

This is a guide by the WTO and Cambridge University Press to the vocabulary used in trade negotiations. Its nearly 2000 entries cover in simple language traditional GATT and WTO concepts and terms used in trade-related activities.

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-215-3825-4

Price: CHF 48.00

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### **Tariff Negotiations and Renegotiations under the GATT and the WTO – Procedures and Practices**

The procedures and practices to implement the provisions relating to tariff negotiations and renegotiations have evolved considerably since the GATT was established in 1947. The provisions themselves have undergone some changes in the last fifty-four years. Professor Hoda reviews the evolution of these provisions and of the procedures adopted and practices followed by the contracting parties to GATT 1947 and the Members of the WTO. He offers some conclusions and recommendations. This new book will be of particular interest to negotiators including Geneva based delegations, members of government trade ministries, economists, and all academics who specialise in trade policy.

October 2001

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-218-0449-3

Hardback

Price: CHF 110.00

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## **The Internationalization of Financial Services – Issues and Lessons for Developing Countries**

The Internationalization of financial services is an important issue for the strengthening and liberalizing financial systems in developing countries. There has been considerable support for the view that internationalization can assist countries in building financial systems that are more stable and efficient by introducing international standards and practices. At the same time, there have been concerns about the risks that internationalization may carry for some countries, particularly in the absence of adequate regulatory structures. The chapters in this book examine different aspects of this debate, the relative benefits and costs of internationalization, and together provide an insight into the diversity and significance of the effects of internationalization on domestic financial systems.

November 2001

Co-published with Kluwer Law International

ISBN: 90-411-9817-2

Price: CHF 75.00

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## **Guide to the GATS**

This work brings together in one volume the background papers on major service sectors prepared by the WTO Secretariat for the WTO's Council for Trade in Services, in preparation for the new round of negotiations which started in January 2000 and includes the issues which WTO Members need to consider when framing their negotiating positions and objectives for the new round and preparing their industries for a more open trading environment.

Co-published with Kluwer Law International (contact details on page 98)

ISBN: 90-411-9775-3

Price: CHF 60.00

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## **Trade, Development and the Environment**

In recent years the relationships between trade and the environment, and trade and development, have become increasingly complex. The need to reconcile the competing demands of economic growth, economic development, and environmental protection has become central to the multilateral trade agenda. In this volume various commentators debate the role of the World Trade Organization and other institutions in addressing these challenges. The book arises from the papers presented at two High Level Symposia hosted by the World Trade Organization in March 1999, on Trade and the Environment and Trade and Development.

Co-published with Kluwer Law International (contact details on page 98)

ISBN: 90-411-9804-0

Price: CHF 52.00

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## **Guide to the Uruguay Round Agreements**

This publication is the only official and comprehensive explanation by the WTO of the Uruguay Round treaties. It helps readers to navigate the complexities of well over 20,000 pages of decisions, agreements, and commitments arising out of the negotiations.

Co-published with Kluwer Law International (contact details on page 98)

ISBN: 90-411-1125-5

Price: CHF 30.00

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## **Reshaping the World Trading System – 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, and the twists, turns, setbacks and successes of each stage and sector of the negotiations... and how, after seven years, the final achievement in many instances surpassed the original goals.

Co-published with Kluwer Law International (contact details on page 98)

ISBN: 90-411-1126-3

Hardback

Price: CHF 150.00

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## **Dispute settlement publications**

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### **WTO Appellate Body Repertory of Reports and Awards 1995–2004**

The WTO Appellate Body Repertory of Reports and Awards is the essential research tool for professionals involved in international trade law. Originally developed as an internal

research tool to assist the Appellate Body Secretariat in carrying out its duty to provide legal support to Appellate Body Members, the Repertory is now being made available to the public in the hope that it will become a practical tool for officials from WTO Members, academics, students and private practitioners of international trade law and dispute settlement.

Available March 2005 – English

French and Spanish versions expected summer 2005

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-218-5072-X Hardback

Price: CHF 160.00

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### **A Handbook on the WTO Dispute Settlement System**

This guide has been prepared by the WTO Secretariat to explain the practices that have arisen in the operation of the WTO dispute settlement system since its entry into force on 1 January, 1995. Its detailed content will be useful to expert practitioners as well as to those wanting to gain a basic understanding of the dispute settlement system.

July 2004

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-216-0292-0 Paperback

Price: CHF 75.00

ISBN: 0-521-84192-5 Hardback

Price: CHF 160.00

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### **WTO Dispute Settlement Procedures – 2<sup>nd</sup> Edition**

The 2<sup>nd</sup> edition, co-published with Cambridge, takes into account legal decisions and other legal instruments adopted since 1995. New material has been added, including the 'Working Procedures for Appellate Review', and the 'Rules of Conduct for the DSU'. In the second edition the provisions on consultation and on dispute settlement in each of the Multilateral Trade Agreements covered by the DSU are now collected together. Older, less relevant material has been removed. The internal text design is somewhat altered too, and cross references between the texts have been extended. Key words within the index have been augmented to reflect the extended coverage. This is the procedural bible for practitioners, academics, students, and all who need to interact with the dispute settlement procedures of the WTO Panels and Appellate Body.

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-210-1077-2 Paperback

Price: CHF 50.00

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### **Dispute Settlement Reports**

The Dispute Settlement Reports of the World Trade Organization (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

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Price for Complete Set: £ 3500.00

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### **Analysis and special reports**

All publications in this category are available as free downloads on the WTO website.

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### **Dispute Settlements Reports**

The Dispute Settlement Reports of the World Trade Organization (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

Dispute Settlement Reports Complete Set (43 Hardback books)

Volumes 1996-2001

Price for Complete Set: £ 3500.00

Price per volume – from 1996 – 2002: £ 90.00

---

### **WTO Agreements & Public Health**

This joint study by the World Health Organization and the World Trade Organization Secretariat on the relationship between trade rules and public health. The 171-page study explains how WTO Agreements relate to different aspects of health policies. It is meant to

give a better insight into key issues for those who develop, communicate or debate policy issues related to trade and health. The study covers areas such as drugs and intellectual property rights, food safety, tobacco and many other issues which have been subject to passionate debate. In this joint effort, the first of its kind, WHO and the WTO Secretariat endeavour to set out the facts.

ISBN: 92-870-1223-7

Price: CHF 30.00

---

### **Special Study N° 7: Adjusting to Trade Liberalization – The Role of Policy, Institutions and WTO Disciplines**

This study seeks to identify tools at the disposal of governments to smooth adjustment, to minimize an economy's adjustment costs and to alleviate the burden of those who suffer most.

ISBN: 92-870-1232-6

Price: CHF 30.00

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### **Special study N° 6: Market Access: Unfinished Business – Post Uruguay Round Inventory**

The study profiles post-Uruguay Round market access conditions in three areas — industrial tariffs, agriculture and services — the latter two of which are already the subject of ongoing negotiations. The detailed study is intended as a comprehensive resource for negotiators and the interested public.

ISBN: 92-870-1217-2

Price: CHF 30.00

---

### **Special study N° 5: Trade, Income Disparity and Poverty**

A WTO study, which is based on two expert reports commissioned by the WTO Secretariat, aims to clarify the interface between trade, global income disparity, and poverty. Professor Dan Ben-David of Tel Aviv University, takes an in-depth look at the linkages between trade, economic growth, and income disparity among nations. Professor L. Alan Winters of University of Sussex, discusses the various channels by which trade may affect the income opportunities of poor people. The publication also includes a non-technical overview of the two expert reports.

ISBN: 92-870-1215-6

Price: CHF 30.00

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### **Special study N° 4: Trade and the Environment**

This study by the WTO addresses several key questions related to the environment. The study shows that trade could play a positive role in 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.

ISBN: 92-870-1211-3

Price: CHF 30.00

---

### **Special study N° 3: Trade, Finance and Financial Crises**

This study by the WTO explains the basic links between trade and the financial sector, and how financial crises are interrelated with trade.

This study also includes case studies on past financial crises

ISBN: 92-870-1210-5

Price: CHF 30.00

---

### **Special Study N° 2: Electronic Commerce and the role of the WTO**

This second study in a popular series examines the potential trade gains from the rapidly increasing use of the Internet for commercial purposes. The study was written as a means of providing background information for the 132 WTO members who are now developing policy responses to this new form of commerce. Written by a team of economists from the WTO Secretariat, it identifies the complexities as well as the potential benefits of trade via the Internet. The book describes the extraordinary expansion of opportunities that electronic commerce offers, including for developing countries.

Print version no longer available. Download for free from the WTO website

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### **Special Study N° 1: Opening Markets in Financial Services and the Role of the GATS**

This first publication in a new series of special studies explores some of the issues surrounding the financial services negotiations, analyzes what is at stake, and assesses what WTO members have already achieved in previous negotiations. This 50-page study contains detailed tables, charts, and boxes to help the reader understand some of the

characteristics of the financial services sector and appreciate the full benefits of its trade liberalization.

Print version no longer available. Download for free from the WTO website

## Discussion Papers

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### **Discussion Paper N° 7 – Selected Issues Concerning the Multilateral Trading System**

This paper explores selected issues that were stumbling blocks at the Cancún Ministerial Conference, including international trade and investment and market access of developing countries in textiles and clothing.

December 2004

ISBN: 92-870-3301-3

Price: CHF 20.00

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### **Discussion Paper N° 6 – The Trade, Debt and Finance Nexus: at the Cross-roads of Micro and Macroeconomics**

This paper seeks to clarify how the WTO is part of the national and international effort to address some of the challenges raised by these relationships. It reviews some of the theoretical links and existing literature on the subject, and analyses practical steps and priorities that are directly addressed in the newly established Working Group on Trade, Debt and Finance .

November 2004

ISBN: 92-870-3300-5

Price: CHF 20.00

---

### **Discussion Papers N° 5 – The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing**

This paper, written under the exclusive responsibility of a staff member of the WTO Secretariat in a personal capacity, assesses some of the possibilities with respect to the potential impact of trade liberalization in the textiles and clothing sector with the end of import quotas on 1 January 2005.

ISBN: 92-870-1244-X

Price: CHF 20.00

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### **Discussion Papers N° 4 – The Role of Export Taxes in the Field of Primary Commodities**

This paper examines the economic effects of an export tax on commodity prices and the volume of exports. It examines how welfare resulting from an export tax is redistributed among foreign and domestic consumers, producers and the government, and the effects of an export tax used as an instrument of trade policy to improve developing countries' terms of trade, favours economic diversification and help the poor.

ISBN: 92-870-1243-1

Price: CHF 20.00

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### **Discussion paper N° 3 – Income Volatility in Small and Developing Economies: Export Concentration Matters**

This paper examines the effect of export concentration on income volatility in small economies, and concludes that volatility is reduced if small economies diversify their exports.

ISBN: 92-870-1242-2

Price: CHF 20.00

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### **WTO Discussion Papers – N° 2: Improving the Availability of Trade Finance during Financial Crises**

This paper explores the reasons behind the failure by private markets and other institutions to meet demand for cross-border and domestic short-term trade finance during financial crises such as the one which affected emerging economies in the 1990s.

ISBN: 92-870-1238-5

Price: CHF 20.00

---

### **WTO Discussion Papers – N° 1: Industrial Tariffs and the Doha Development Agenda**

Containing many tables and charts, the paper focuses on the basic mandate given to negotiators at Doha and looks at specific issues facing developed, developing and least-developed countries.

ISBN: 92 870 1231 8

No longer available in print – download from the WTO website

## Trade policy reviews

Surveillance of national trade policies is a fundamentally important activity running throughout the work of the WTO. At the centre of this work is the Trade Policy Review Mechanism (TPRM). All WTO members are reviewed, the frequency of each country's review varies according to its share of world trade.

More information on the WTO website at: [http://www.wto.org/english/tratop\\_e/tpr\\_e/tpr\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm)

Trade Policy Reviews are co-published with Bernan Press (contact details on page 98)

Each volume costs CHF105

The following Trade Policy Reviews will take place in 2005:

Jamaica

Japan

Sierra Leone

Qatar

Mongolia

Paraguay

Nigeria

Ecuador

The Philippines

Egypt

Trinidad and Tobago

Tunisia

Guinea and Togo

Bolivia

Djibouti

Romania

Malaysia

For Trade Policy Reviews from previous years, please visit the WTO website.

## Electronic publications

### Computer based training

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#### Dispute Settlement

This training module is aimed at anyone who needs a basic understanding of the dispute settlement system. It was developed by WTO specialists on dispute settlement and includes interactive tests which allow you to measure your progress in learning the content. In addition to the course material itself, you will find links to reference documents, such as legal texts and other official WTO documents. There is also a popup glossary for related terms.

February 2005

Trilingual

ISBN: 92-870-0229-0

Price: CHF 30.00

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#### General Agreement on Trade in Services

This CD is a training course on the GATS, using text and interactive methods to enable users to acquire a detailed knowledge of this agreement. It includes a library of documents on the GATS, including the basic Agreement.

Trilingual

ISBN: 92-870-0227-4

Price: CHF 75.00

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#### Agreement on Sanitary and Phytosanitary Measures

This is the second in a series of 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 Sanitary and Phytosanitary Measures, 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.

Trilingual

ISBN: 92 870 0222 3

Price: CHF 75.00

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**WTO Agreements on CD-ROM: The Legal Texts and Schedules: Services**

This CD-ROM, co-published with Cambridge University Press, contains the updated schedules of services commitments and/or MFN exemptions for WTO member countries to the year 2000 in English, plus the English, French and Spanish versions of the WTO Legal Texts.

Co-published with Cambridge University Press (contact details on page 98)

ISBN: 05-217-9645-8

Price: CHF 800.00

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**CD-ROM: WTO Analytical Index – Guide to WTO Law & Practice**

Researchers can use this CD-ROM as a guide to the to the interpretation and application of findings and decisions of WTO panels, the WTO Appellate Body, and other WTO bodies. This CD-ROM presents the text of the particular articles or agreements; chronologically arranged excerpts of relevant jurisprudence and decisions; discussions of the relationships to other articles and WTO agreements; and cross-references to the GATT Analytical Index when applicable.

March 2004

Co-published with Bernan Press (contact details on page 98)

ISBN: 08-905-9863-0

Price: CHF 210.00

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**CD-ROM: GATT Analytical Index – Guide to GATT Law and Practice**

The GATT's own article-by-article handbook on the General Agreement, describing the drafting history, interpretation and application of the rules, based on official documentary records. The 6th edition is the most complete and up-to-date presentation of GATT law: it spans 1945 to the end of 1994, when the World Trade Organization was established. It includes decisions by GATT bodies, the many interpretations of GATT law made by dispute settlement panels, and a new chapter on institutional and procedural matters. Thoroughly researched, each chapter analyses precedents and practice, and presents the relevant material in the original text, with full documentary references.

English only

Price: CHF 200.00

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**CD-ROM: International Trade Statistics**

The figures have been compiled and analyzed by the WTO's economists and statisticians. The electronic version offers the user the opportunity to examine international trade figures by country, region, and economic sector. It includes search and graphics capabilities, permitting the researchers to examine data in chart, table, or graphical formats, and even to create their own analyses from the database.

March 2004

Co-published with Bernan Press (contact details on page 98)

2004 ISBN: 1-886222-42-8

Price: CHF 100.00

2003 ISBN: 08-905-9872-X

Price: CHF 100.00

2002 ISBN: 92 870 1181 8 1

Price: CHF 120.00

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**CD-ROM: Trade Policy Review 1999-2002**

This CD-ROM is an efficient tool to locate, compare and contrast the reviews of trade policies and practices of the twenty-eight member countries made by the World Trade Organization (WTO) between 1999 and 2002. The CD-ROM provides the English text of the 2001 and 2002 reports, and the French and Spanish text of the 1999, 2000, and 2001 reports.

March 2004

Co-published with Bernan Press (contact details on page 98)

ISBN: 08-905-9873-8

Price: CHF 165.00

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## Complete Results of the Uruguay Round of Multilateral Trade Negotiations

This unique CD-ROM contains the complete legal texts and market-opening commitments of the 125 countries who participated in the 1986-94 Uruguay Round. It includes the capability to organize information for specific countries or country groups. The material covers 30,000 pages of legal text covering goods, services, trade-related intellectual property rights, dispute settlement and individual countries' schedules of commitments in the goods and services areas.

Trilingual version  
ISBN: 92 870 0145 6  
Single user network licence  
Price: CHF 1000.00  
Multiple-user network licence  
Price: CHF 2000.00

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## 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. Jointly developed by Bernan Associates and the WTO, this disk uses technology that turns the large library of documents into a highly accessible and useful tool for research. Its release coincides with the publication of the printed version of the final GATT BISD supplement. With a multiple-user licence, the data can also be accessed by several people on a computer network.

Co-published with Bernan Associates (contact details on page 98)  
Price is for Single user network licence  
Price: CHF 700.00  
Multiple-user network licence  
Price: CHF 835.00

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## CD-ROM: International Trade Statistics 2004

The figures have been compiled and analyzed by the WTO's economists and statisticians. The electronic version offers the user the opportunity to examine international trade figures by country, region, and economic sector. It includes search and graphics capabilities, permitting the researchers to examine data in chart, table, or graphical formats, and even to create their own analyses from the database.

March 2005  
Price CHF 120  
Can also be ordered from Bernan Press (co-publisher).

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## Videos

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### To the heart of the WTO

This video explains the WTO through member governments' eyes. It seeks to shed light on how the WTO system works, through the experience and motivations of two very different countries: Brazil, a large developing nation, and Norway, a small but economically advanced state.

Length: 23 minutes  
Price: CHF 25.00

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### Solving Trade Disputes

This video explains how trade disputes between WTO members are solved through the dispute settlement system. The first part of the video explains how the dispute settlement system was created by WTO members during the 1986-1994 Uruguay round of global trade talks and how the system operates. The process is clearly illustrated in the second part of the video using specific cases.

Price: CHF 30.00

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## Free publications

All free publications can be downloaded from the WTO website. If you require print versions, please email [free@wto.org](mailto:free@wto.org)

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### The Future of the WTO

The Future of the WTO" is a Report by the Director-General's Consultative Board on the future of the multilateral trading system, including recommendations on reforms.

Available in English, French and Spanish. January 2005

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### **Trade and Environment at the WTO**

Developed to assist public understanding of the trade and environment debate in the WTO, this document briefly presents its history and focuses on trade and environment related issues within the Doha mandate, the effects of trade liberalization on the environment, the relationship between multilateral environmental agreements and the WTO, and a review of trade disputes involving environmental issues.  
May 2004

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### **Understanding the WTO**

An introduction to the WTO, what it is, why it was created, how it works, and what it does. You can browse the html version on the WTO website.

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### **Doha Declarations**

This booklet contains the full texts of the Declarations and Decisions adopted by WTO Members at the Doha Ministerial. Also included are relevant documents of the WTO General Council dealing with implementation of the Doha Development Agenda.

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### **The WTO in brief**

A starting point for essential information about the WTO. You can browse the html version on the WTO website.

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### **10 benefits of the WTO trading system**

From the money in our pockets and the goods and services that we use, to a more peaceful world – the WTO and the trading system offer a range of benefits, some well-known, others not so obvious. You can browse the html version on the WTO website.

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### **10 common misunderstandings about the WTO**

Is it a dictatorial tool of the rich and powerful? Does it destroy jobs? Does it ignore the concerns of health, the environment and development? Emphatically no. Criticisms of the WTO are often based on fundamental misunderstandings of the way the WTO works. You can browse the html version on the WTO website.

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## **Chapter Three**

### **ORGANIZATION, SECRETARIAT AND BUDGET**

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# Organization, Secretariat and budget

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## 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 149 Members, accounting for 90% of world trade (see inside cover for a complete list of Members). Members are mostly governments but can also be customs territories. Nearly 30 applicants are negotiating to become Members of the WTO. Decisions in the WTO are made by the entire membership, typically by consensus.

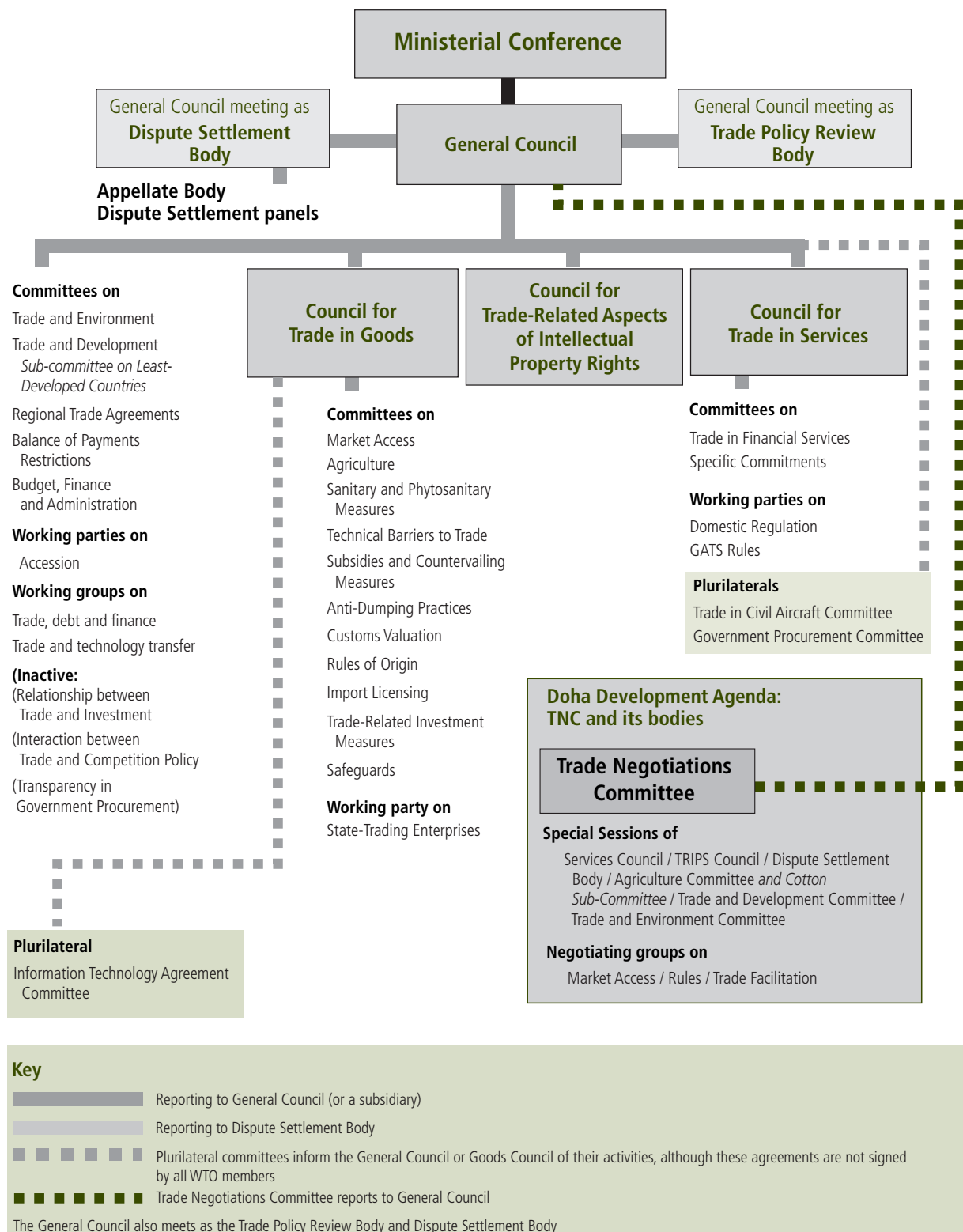
The WTO's top level decision-making body is the Ministerial Conference, which meets at least once every two years. In the intervals between sessions of the Ministerial Conference, the highest-level WTO decision-making body is the General Council where Members are usually represented by ambassadors or 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.

A Trade Negotiations Committee (TNC) was set up by the Doha Declaration at the Fourth WTO Ministerial Conference in 2001. The Declaration provides the mandate for negotiations in the TNC and its subsidiaries

## WTO structure

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



The WTO Secretariat, with offices only in Geneva, has 594 regular staff<sup>1</sup> 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 includes individuals representing about 70 nationalities. 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.

<sup>1</sup> There were 635.5 regular budget posts consolidated in 2006, with some posts not yet filled.

**WTO Secretariat  
Organization Chart – February 2006**

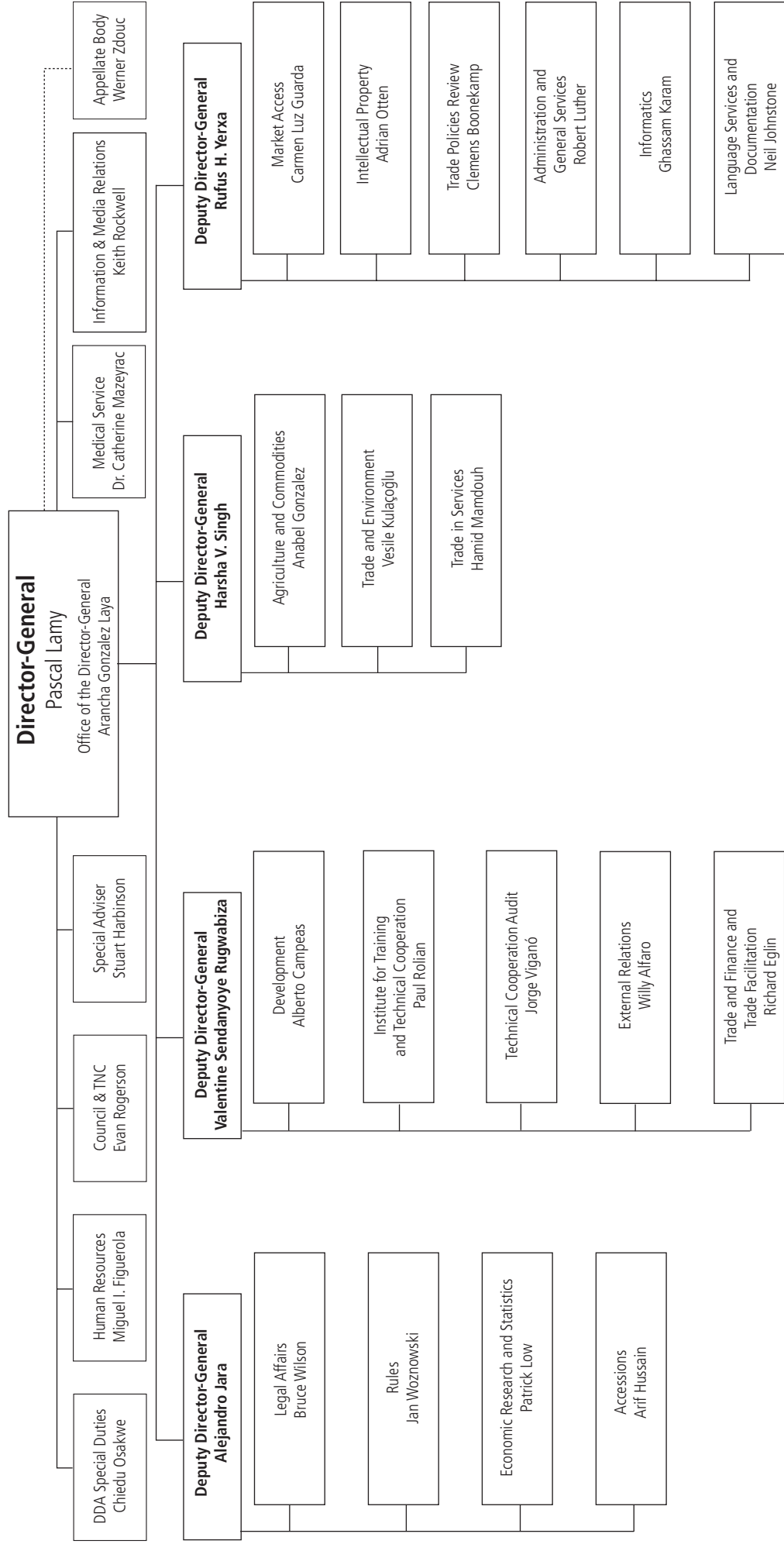


Table III.1

**Table of regular staff by nationality<sup>2</sup>**

| Country                               | F  | M  | Total |
|---------------------------------------|----|----|-------|
| Argentina                             | 2  | 5  | 7     |
| Australia                             | 4  | 6  | 10    |
| Austria                               | 3  | 3  | 6     |
| Belgium                               | 4  | 2  | 6     |
| Benin                                 |    | 1  | 1     |
| Bolivia                               | 2  | 1  | 3     |
| Brazil                                | 3  | 1  | 4     |
| Canada                                | 8  | 17 | 25    |
| Chile                                 | 3  | 3  | 6     |
| China                                 | 4  | 2  | 6     |
| Colombia                              | 1  | 5  | 6     |
| Congo, the Democratic Republic of the |    | 1  | 1     |
| Costa Rica                            | 2  | 1  | 3     |
| Côte d'Ivoire                         |    | 1  | 1     |
| Cuba                                  | 1  | 1  | 2     |
| Denmark                               | 1  | 1  | 2     |
| Ecuador                               |    | 1  | 1     |
| Egypt                                 | 2  | 3  | 5     |
| Estonia                               | 1  |    | 1     |
| Finland                               | 1  | 3  | 4     |
| France                                | 89 | 76 | 165   |
| Germany                               | 5  | 11 | 16    |
| Ghana                                 |    | 1  | 1     |
| Greece                                | 2  | 2  | 4     |
| Honduras                              | 1  |    | 1     |
| Hong Kong, China                      | 1  |    | 1     |
| Hungary                               |    | 1  | 1     |
| India                                 | 3  | 8  | 11    |
| Ireland                               | 9  | 2  | 11    |
| Italy                                 | 5  | 6  | 11    |
| Japan                                 | 1  | 2  | 3     |
| Korea, Republic of                    | 1  | 1  | 2     |
| Lesotho                               |    | 1  | 1     |
| Malawi                                |    | 1  | 1     |
| Malaysia                              | 1  | 2  | 3     |
| Mauritius                             |    | 2  | 2     |
| Mexico                                | 1  | 4  | 5     |
| Morocco                               | 1  | 1  | 2     |
| Netherlands                           | 2  | 4  | 6     |
| New Zealand                           | 1  | 3  | 4     |

<sup>2</sup> Including staff on special leave without pay

| Country                  | F          | M          | Total      |
|--------------------------|------------|------------|------------|
| Nigeria                  |            | 1          | 1          |
| Norway                   |            | 2          | 2          |
| Paraguay                 | 1          |            | 1          |
| Peru                     | 3          | 4          | 7          |
| Philippines              | 3          | 5          | 8          |
| Poland                   | 2          | 3          | 5          |
| Portugal                 |            | 2          | 2          |
| Romania                  | 2          |            | 2          |
| Rwanda                   | 1          | 1          | 2          |
| Senegal                  |            | 1          | 1          |
| Slovenia                 | 1          |            | 1          |
| South Africa             |            | 1          | 1          |
| Spain                    | 27         | 17         | 44         |
| Sri Lanka                | 2          | 2          | 4          |
| Sweden                   | 2          | 2          | 4          |
| Switzerland              | 22         | 14         | 36         |
| Tanzania                 | 1          |            | 1          |
| Thailand                 | 1          | 1          | 2          |
| Tunisia                  | 2          | 3          | 5          |
| Turkey                   | 2          | 1          | 3          |
| Uganda                   | 1          |            | 1          |
| United Kingdom           | 56         | 17         | 73         |
| United States of America | 19         | 7          | 26         |
| Uruguay                  |            | 6          | 6          |
| Venezuela                | 1          | 3          | 4          |
| Zimbabwe                 | 1          |            | 1          |
| <b>Grand Total</b>       | <b>315</b> | <b>279</b> | <b>594</b> |

Table III.2

## Distribution of staff positions within the WTO's various divisions

| Division  | Regular Staff | Directors   | Senior Management | Grand Total              |
|---|---------------|-------------|-------------------|--------------------------|
| Director-General                                      |               |             | 5.0               | 5.0                      |
| Office of the Director-General                        | 17.5          | 1.0         |                   | 18.5                     |
| Offices of the Deputy Directors-General               | 4.0           |             |                   | 4.0                      |
| Accessions Division                                   | 7.4           | 1.0         |                   | 8.4                      |
| Administration and General Services Division          | 78.0          | 1.0         |                   | 79.0                     |
| Agriculture & Commodities Division                    | 15.0          | 1.0         |                   | 16.0                     |
| Council and TNC Division                              | 12.5          | 1.0         |                   | 13.5                     |
| Development Division                                  | 11.0          | 1.0         |                   | 12.0                     |
| Doha Development Agenda (DDA) Special Duties Division | 1.0           | 1.0         |                   | 2.0                      |
| Economic Research and Statistics Division             | 49.0          | 2.0         |                   | 51.0                     |
| External Relations Division                           | 9.0           | 1.0         |                   | 10.0                     |
| Human Resources Division                              | 16.6          | 1.0         |                   | 17.6                     |
| Informatics Division                                  | 36.0          | 1.0         |                   | 37.0                     |
| Information & Media Relations Division                | 21.0          | 1.0         |                   | 22.0                     |
| Institute for Training and Technical Co-operation     | 28.0          | 1.0         |                   | 29.0                     |
| Intellectual Property Division                        | 13.0          | 1.0         |                   | 14.0                     |
| Language Services & Documentation Division            | 159.0         | 1.0         |                   | 160.0                    |
| Legal Affairs Division                                | 15.0          | 1.0         |                   | 16.0                     |
| Market Access Division                                | 11.0          | 1.0         |                   | 12.0                     |
| Rules Division  | 18.0          | 1.0         |                   | 19.0                     |
| Technical Cooperation Audit                           | 1.5           |             |                   | 1.5                      |
| Trade & Environment Division                          | 7.0           | 1.0         |                   | 8.0                      |
| Trade and Finance, Trade Facilitation Division        | 9.0           | 1.0         |                   | 10.0                     |
| Trade in Services Division                            | 16.0          | 1.0         |                   | 17.0                     |
| Trade Policies Review Division                        | 35.0          | 1.0         |                   | 36.0                     |
| Appellate Body  | 14.0          | 1.0         |                   | 15.0                     |
| Posts pending re-deployment                           |               | 2.0         |                   | 2.0                      |
| <b>Grand Total</b>                                    | <b>604.5</b>  | <b>26.0</b> | <b>5.0</b>        | <b>635.5<sup>3</sup></b> |

<sup>3</sup> Regular budget posts include posts consolidated in 2006, with some posts not yet filled

Table III.3

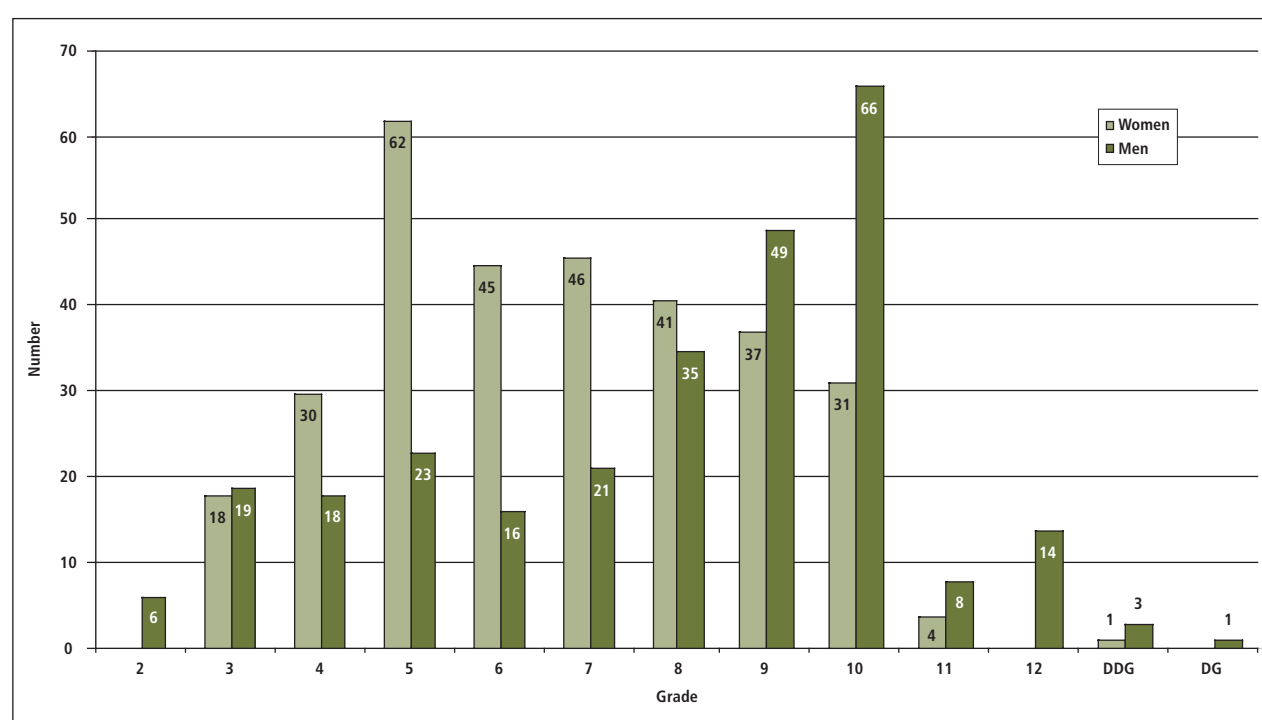
## WTO staff on regular budget by grade and gender within each division

| Division  | Gender | Grades |    |   |   |   |   |   |   |    |    |    |   | DDG | DG | Total |
|---|--------|--------|----|---|---|---|---|---|---|----|----|----|---|-----|----|-------|
|   |        | 2      | 3  | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |   |     |    |       |
| Director-General                                  |        |        |    |   |   |   |   |   |   |    |    |    |   |     |    |       |
| Appellate Body                                    | Men    |        |    |   |   |   | 1 |   | 2 | 2  | 1  |    |   |     |    | 6     |
|   | Women  |        |    | 1 | 2 |   | 2 |   |   | 1  |    |    |   |     |    | 6     |
| Council and TNC Division                          | Men    |        |    |   |   |   |   |   | 1 | 3  |    | 1  |   |     |    | 5     |
|   | Women  |        |    |   | 2 |   | 2 |   | 2 | 1  |    |    |   |     |    | 7     |
| Division  | Gender | Grades |    |   |   |   |   |   |   |    |    |    |   | DDG | DG | Total |
|   |        | 2      | 3  | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |   |     |    |       |
| DDA Special Duties Division                       | Men    |        |    |   |   | 1 |   |   |   |    | 1  |    |   |     |    | 2     |
| Human Resources Division                          | Men    |        |    |   |   |   | 1 |   |   |    | 1  |    |   |     |    | 2     |
|   | Women  |        | 2  |   | 4 | 2 | 2 | 2 | 1 |    |    |    |   |     |    | 13    |
| Information and Media Relations Division          | Men    |        | 1  |   | 2 | 1 |   | 2 |   | 4  |    | 1  |   |     |    | 11    |
|   | Women  |        | 2  |   | 3 | 1 | 2 | 2 |   |    |    |    |   |     |    | 10    |
| Medical Unit                                      | Women  |        |    | 1 |   |   | 1 |   |   | 1  |    |    |   |     |    | 3     |
| Office of the Director General                    | Men    |        | 1  |   |   |   |   |   | 3 |    |    | 1  |   |     | 1  | 6     |
|   | Women  |        |    | 1 | 1 | 2 | 2 |   | 1 | 2  |    |    |   |     |    | 9     |
| Special Advisor                                   | Men    |        |    |   |   |   |   |   |   |    |    | 1  |   |     |    | 1     |
|   | Women  |        |    |   |   | 1 |   |   |   |    |    |    |   |     |    | 1     |
| DDG1  |        |        |    |   |   |   |   |   |   |    |    |    |   |     |    |       |
| Office of Deputy Director-General                 | Men    |        |    |   |   |   |   |   |   |    |    |    | 1 |     |    | 1     |
|   | Women  |        |    | 1 |   |   |   |   |   |    |    |    |   |     |    | 1     |
| Accessions Division                               | Men    |        |    |   |   |   |   | 1 |   | 2  |    | 1  |   |     |    | 4     |
|   | Women  |        | 1  |   |   | 2 | 1 | 1 |   |    |    |    |   |     |    | 5     |
| Economic Research and Statistics Division         | Men    |        |    | 2 | 2 | 3 | 6 | 3 | 7 | 7  | 1  | 1  |   |     |    | 32    |
|   | Women  |        | 1  | 2 | 3 | 2 | 2 | 7 | 2 | 2  |    |    |   |     |    | 21    |
| Legal Affairs Division                            | Men    |        |    |   |   | 1 |   | 1 | 2 | 2  | 1  |    |   |     |    | 7     |
|   | Women  |        |    |   |   | 2 | 3 | 1 | 2 |    |    |    |   |     |    | 8     |
| Rules Division                                    | Men    |        |    |   |   |   |   | 5 |   | 4  |    | 1  |   |     |    | 10    |
|   | Women  |        | 1  |   |   | 1 | 1 | 1 |   | 3  |    |    |   |     |    | 7     |
| DDG2  |        |        |    |   |   |   |   |   |   |    |    |    |   |     |    |       |
| Office of Deputy Director-General                 | Women  |        |    |   | 1 |   |   |   |   |    |    |    | 1 |     |    | 2     |
| Development Division                              | Men    |        |    |   |   |   |   | 2 |   | 2  |    | 1  |   |     |    | 5     |
|   | Women  |        |    | 1 | 1 |   | 1 | 1 | 1 | 1  |    |    |   |     |    | 6     |
| External Relations Division                       | Men    |        |    |   |   |   |   |   | 1 | 1  | 1  |    |   |     |    | 3     |
|   | Women  |        | 1  | 1 | 2 |   | 1 | 1 |   |    |    |    |   |     |    | 6     |
| Institute for Training and Technical Co-operation | Men    |        |    |   |   |   |   | 1 | 4 | 9  |    | 1  |   |     |    | 15    |
|   | Women  |        |    | 1 | 4 | 2 | 2 | 3 |   | 1  |    |    |   |     |    | 13    |
| Technical Cooperation Audit Division              | Men    |        |    |   |   |   |   |   |   | 1  |    |    |   |     |    | 1     |
| Trade and Finance and Trade Facilitation Division | Men    |        |    |   |   |   |   |   | 1 | 1  |    | 1  |   |     |    | 3     |
|   | Women  |        |    |   | 1 |   | 1 | 1 | 3 | 1  |    |    |   |     |    | 7     |
| DDG3  |        |        |    |   |   |   |   |   |   |    |    |    |   |     |    |       |
| Office of Deputy Director-General                 | Men    |        |    |   |   |   |   |   |   |    |    |    | 1 |     |    | 1     |
|   | Women  |        |    |   |   | 1 |   |   |   |    |    |    |   |     |    | 1     |
| Agriculture and Commodities Division              | Men    |        |    |   |   |   | 1 |   | 1 | 2  |    |    |   |     |    | 4     |
|   | Women  |        |    | 1 |   | 2 | 2 | 3 | 2 |    | 2  |    |   |     |    | 12    |
| Trade and Environment Division                    | Men    |        |    |   |   |   |   |   | 1 | 1  |    |    |   |     |    | 2     |
|   | Women  |        |    |   | 1 |   | 1 | 2 | 1 | 1  | 1  |    |   |     |    | 7     |
| Trade in Services Division                        | Men    |        |    |   |   |   |   | 1 | 3 | 5  |    | 1  |   |     |    | 10    |
|   | Women  |        | 1  |   | 2 | 1 |   | 1 | 1 | 1  |    |    |   |     |    | 7     |
| DDG4  |        |        |    |   |   |   |   |   |   |    |    |    |   |     |    |       |
| Office of Deputy Director-General                 | Men    |        |    |   |   |   |   |   |   |    |    |    | 1 |     |    | 1     |
|   | Women  |        |    |   |   | 1 |   |   |   |    |    |    |   |     |    | 1     |
| Administration and General Services Division      | Men    | 6      | 12 | 8 | 8 | 5 | 2 | 1 | 3 | 2  | 1  |    |   |     |    | 48    |
|   | Women  |        | 1  | 3 | 9 | 3 | 1 | 2 | 3 | 1  |    |    |   |     |    | 23    |

Table III.3

**WTO staff on regular budget by grade and gender within each division**

|  |       |          |           |           |           |           |           |           |           |           |           |           |          |          |            |
|--|-------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|------------|
| Informatics Division                         | Men   | 1        | 4         | 1         | 4         | 6         | 5         | 3         |           | 1         |           |           |          |          | 25         |
|  | Women |          |           | 1         | 2         | 2         | 1         | 1         |           |           |           |           |          |          | 7          |
| Intellectual Property Division               | Men   |          |           |           |           | 1         | 1         |           | 3         |           | 1         |           |          |          | 6          |
|  | Women | 1        |           | 2         |           | 2         | 1         |           | 2         |           |           |           |          |          | 8          |
| Language Services and Documentation Division | Men   | 4        | 7         | 6         | 3         | 2         | 7         | 12        | 3         | 1         |           |           |          |          | 45         |
|  | Women | 6        | 10        | 21        | 18        | 11        | 9         | 13        | 9         |           |           |           |          |          | 97         |
| Market Access Division                       | Men   |          |           |           |           | 1         |           | 1         | 2         |           |           |           |          |          | 4          |
|  | Women |          | 1         | 1         | 1         | 1         |           |           | 2         | 1         |           |           |          |          | 7          |
| Trade Policies Review Division               | Men   | 1        |           | 1         | 1         | 2         | 4         | 2         | 7         |           | 1         |           |          |          | 19         |
|  | Women | 1        | 6         | 1         | 1         | 3         | 2         | 4         | 2         |           |           |           |          |          | 20         |
| <b>Total</b>                                 |       | <b>6</b> | <b>37</b> | <b>48</b> | <b>85</b> | <b>61</b> | <b>67</b> | <b>76</b> | <b>86</b> | <b>97</b> | <b>12</b> | <b>14</b> | <b>4</b> | <b>1</b> | <b>594</b> |

**Chart III.1: WTO staff on regular budget by grade and gender**

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

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#### **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 nearly 30 accession working parties in operation.

#### **Agriculture and Commodities Division**

The division handles all matters related to the ongoing negotiations on agriculture. Furthermore, the division provides support in the implementation of the existing WTO rules and commitments on agriculture, including by ensuring that the process for multilaterally reviewing these commitments by the Committee on Agriculture is organized and conducted in an efficient manner. The work of the division encompasses to facilitate implementation of the Agreement on the Application of Sanitary and Phytosanitary Measures, including by servicing the SPS Committee. Other activities of the division include support for the 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; dealing with matters related to trade in fisheries and forestry products as well as natural resource-based products; providing services for dispute settlement in the area of agriculture and SPS; providing technical assistance in all areas under its purview; and cooperation with other international organizations and the private sector. The Division supports the work of the Cotton sub-committee.

#### **Council and Trade Negotiations Committee Division**

The division provides support for sessions of the Ministerial Conference, in the work of the General Council, the Dispute Settlement Body, and the Trade Negotiations Committee. It is responsible for the preparation and servicing of relevant meetings and consultations between ministerial sessions, for preparation of Basic Instruments and Selected Documents (BISD) supplements and for derestriction of documents.

#### **Development Division**

The Development Division is the focal point for all developmental policy issues and assists senior management and the Secretariat as a whole on issues relating to the participation of developing countries, including the least-developed among them, in the multilateral trading system. The division services the Committee on Trade and Development in regular session, as well as its dedicated sessions on small economies and its special sessions on special and differential treatment, as well as the newly constituted Working Group on Trade and Transfer of Technology. It services the Sub-Committee on LDCs. It is also responsible for the Integrated Framework (IF), holds its secretariat and is responsible for its management structure such as the Integrated Framework Working Group (IFWG) and the Integrated Framework Steering Committee (IFSC).

#### **Doha Development Agenda Special Duties Division**

The DDA/SDD is responsible for the development assistance aspects of the cotton issue. It is also responsible for other DDA development-related substantive issues as directed by the Director-General. The division undertakes assignments, as determined by the Director-General, on selected issues relating to membership groups such as the G-90 and the African Group. The division works in close cooperation with the relevant Deputy Directors-General and Directors of existing operational divisions on a range of development-oriented issues and specific assignments. The purpose is to achieve an enhanced and sharper focus on the range of specific development issues through "a more direct engagement by the Office of the Director-General", to which the division directly reports.

#### **Economic Research and Statistics 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 among countries.

The division prepares the annual flagship publication, the World Trade Report, and is also responsible for the working papers, discussion papers and special studies series of publications. 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.

On the statistics side, the 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 the online database on the Statistics Gateway of the WTO Internet site. It also publishes trade profiles of individual economies combining information on trade flows with trade policy measures. 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 on statistics of international trade in services. 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.

The WTO Library supports WTO activities and research through its print and electronic collection of documents; provision of an online public access catalogue; bibliographic reference services including Internet research; inter-library loans; depository for national statistics from Member and non-Member countries as well as specific product statistics.

The Library is the depository of GATT/WTO documents and publications and for printed archives of the WTO.

### **Intellectual Property**

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.

### **Institute for Training and Technical Cooperation**

The Institute'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. It delivers technical cooperation and training through activities including: advisory missions; seminars and workshops on a country or regional basis, and/or technical notes on issues of interest to beneficiary countries; trade policy courses; training of trainers; outreach activities with universities; and internet based training activities. 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 made available under Article 27.2 of the DSU. Related activities include establishing and supporting WTO Reference Centers with Internet connectivity and with training. The Institute manages trust funds provided by individual donor countries for the purpose of training and technical cooperation.

### **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).

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### Market Access Division

The division works with the following WTO bodies:

Council for Trade in Goods: oversees the multilateral trade agreements and ministerial decisions covering the goods sector and takes actions on the issues raised by the various committees which report to it. Servicing the Council includes the organization of formal meetings. The division also arranges informal meetings/consultations prior to formal meetings.

Committee on Market Access: supervises the implementation of concessions relating to tariffs and non-tariff measures; provides a forum for consultation on matters relating to tariffs and non-tariff measures; oversees the application of procedures for modification or withdrawal of tariff concessions;

ensures that WTO Schedules are kept up-to-date, and that modifications, including those resulting from changes in tariff nomenclature, are reflected; conducts the updating and analysis of the documentation on quantitative restrictions and other non-tariff measures, in accordance with the timetable and procedures agreed by the GATT CONTRACTING PARTIES in 1984 and 1985 (BISD 31S/227 and 228, and BISD 32S/92 and 93); oversees the content and operation of, and access to, the Integrated Data Base and will do the same for the future Consolidated Tariff Schedules Database.

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 program 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 of Participants on the Expansion of Trade in Information Technology Products (ITA): 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 (ITAI); provide continuing support for the negotiations and the follow-up if necessary.

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### Rules Division

The role of the division is to ensure the smooth functioning of all WTO bodies serviced by the division. This includes facilitating new and on-going negotiations and consultations, 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; providing secretaries and legal officers to WTO dispute settlement panels involving the rules-area agreements; and 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, Working Group on Implementation of the Agreement on Anti-Dumping and Working Group on Trade and Competition (co-secretary).

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### Technical Cooperation Audit Division

Its responsibility is to ensure ongoing monitoring and evaluation of all forms of technical assistance provided by the WTO.

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### Trade and Environment

The division provides service and support to WTO Committees dealing with trade and environment and technical barriers to trade. This includes the Committee on Trade and Environment in regular session (CTE Regular; dealing with the original work agenda set out in the 1994 Marrakesh Decision on Trade and Environment as well as non-negotiating issues of the DMD (Paragraphs 32, 33 and 51)); the Committee on Trade and Environment in special session (CTESS; dealing with the trade and environment-related negotiations mandated under Paragraph 31 of the DMD), and the Committee on Technical Barriers to Trade (TBT Committee; overseeing implementation and operation of the TBT Agreement and responsible for periodic reviews in this regard).

In addition to servicing the above bodies, the division serves as focal point for trade and environment- and TBT-related issues. This entails the following types of activities: undertaking technical assistance work as decided by Members; providing expert advice to Members in Geneva and capitals; attending and reporting on trade and environment- and TBT-related discussions in other fora; maintaining contacts and dialogue with NGOs and other stakeholders; and contributing to the work of dispute panels addressing matters falling within the division's ambit.

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### Trade and Finance and Trade Facilitation Division

The division services the needs of WTO Members and WTO management in supporting the work of the Committees on Balance-of-Payment Restrictions and on Trade-Related Investment Measures, the Negotiating Group on Trade Facilitation, the Working Groups on Trade, Debt and Finance and on Trade and Investment, and General Council meetings on Coherence in Global Economic Policy-making. The Division is responsible for overseeing the cooperation agreements between the WTO and the Bretton Woods Institutions (IMF and the World Bank). The division contributes to the work of dispute panels addressing matters falling under its responsibility and provides technical assistance and expert advice to Members in Geneva and in capitals.

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### Trade in Services Division

The Services Division provides support for the new round of services negotiations underway since 2000. 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.

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### Trade Policies Review Division

The principal task of the TPR Division is, pursuant to Annex 3 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. The division also supports the work of the Committee on Regional Trade Agreements.

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## Information and liaison divisions

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### 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 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.

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#### **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 extensive 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 an important vehicle for distributing WTO information. The “Newsroom” feature on the WTO website ([www.wto.org](http://www.wto.org)) is accessible by journalists from around the world, while the main Internet site is accessed by over one million users every month from more than 170 countries. Webcasting on the Internet is used for news events and to increase public access to special events such as ministerial meetings and symposia.

### **Support divisions**

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#### **Administration 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 Extra-budgetary Funds and providing timely information to divisions; ensuring the administrative functioning of the Committee on Budget, Finance and Administration; managing the WTO-specific pension arrangements; providing information to senior management; and assisting the host country in the preparation of WTO Ministerial Conferences.

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#### **Human Resources Division**

The division is responsible for human resources management of over 700 WTO staff members (regular and temporary) in its Geneva-based Secretariat. The responsibilities span division restructuring, performance management, including development and training, workforce planning, recruitment and selection, as well as career management (internal career mobility, transitions and exit); and management of staff benefits and entitlements. Its objective is to respond to the evolving needs of the WTO, aligning its workforce and providing strategic advisory services to the staff and to WTO Members.

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#### **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 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 Centers in the capitals of LDC and developing countries, the division provides IT expertise and participates in technical cooperation missions.

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#### **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. 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

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### **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 Annex 2 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 Article 17 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.

Table III.4

**WTO budget 2006**

| <b>Part</b>        | <b>Section</b>                           | <b>Item</b>                        | <b>2006 CHF</b>    |
|--------------------|--|------------------------------------|--------------------|
| <b>A</b>           | Sect 1 Work Years                        | (a) Salary                         | 78,071,000         |
|                    |  | (b) Pension                        | 15,561,500         |
|                    |  | (c) Common Staff Costs             | 14,790,200         |
|                    |  | (d) Restructuring Plan             | 500,000            |
|                    | Sect 2 Temporary Assistance              |                                    | 13,724,800         |
| <b>B</b>           | Sect 3 Communications                    | (a) Telecommunications             | 708,000            |
|                    |  | (b) Postal Charges                 | 1,315,000          |
|                    | Sect 4 Building Facilities               | (a) Rental                         | 345,000            |
|                    |  | (b) Utilities                      | 1,654,000          |
|                    |  | (c) Maintenance and Insurance      | 1,438,000          |
|                    | Sect 5 Permanent Equipment               |                                    | 2,831,000          |
|                    | Sect 6 Expendable Supplies               |                                    | 1,180,500          |
|                    | Sect 7 Contractual Serv.                 | (a) Reproduction                   | 1,400,000          |
|                    |  | (b) Office Automation              | 2,577,200          |
|                    |  | (c) Other                          | 257,000            |
|                    |  | (d) Security Outsourcing Contract  | 2,837,000          |
| <b>C</b>           | Sect 8 Staff Overheads                   | (a) Training                       | 675,000            |
|                    |  | (b) Insurance                      | 2,059,500          |
|                    |  | (c) Joint Services                 | 212,000            |
|                    |  | (d) Miscellaneous                  | 30,000             |
|                    | Sect 9 Missions                          | (a) Missions Official              | 1,236,000          |
|                    |  | (b) Missions Technical             | 1,443,000          |
|                    | Sect 10 Trade Policy Training Courses    |                                    | 3,541,000          |
|                    | Sect 11 Various                          | (a) Representation and Hospitality | 283,000            |
|                    |  | (b) Dispute Settlement Panels      | 1,317,000          |
|                    |  | (c) Experts                        | 50,000             |
|                    |  | (e) Library                        | 593,700            |
|                    |  | (f) Publications                   | 470,000            |
|                    |  | (g) Public Information Activities  | 320,000            |
|                    |  | (h) External Auditors              | 40,000             |
|                    |  | (i) Ministerial Operating Fund     | 600,000            |
|                    |  | (j) ISO                            | 57,000             |
|                    |  | (k) Other                          | 77,000             |
|                    |  | (m) Security Enhancement Programme | 796,000            |
|                    | Sect 12 Unforeseen                       |                                    | 100,000            |
| <b>D</b>           | Sect 13 International Trade Centre (ITC) |                                    | 17,183,750         |
| <b>Grand total</b> |  |                                    | <b>170,274,150</b> |

Table III.5

**Budget for the Appellate Body and its Secretariat, 2006**

| Part               | Section                     | Item                               | 2006 CHF         |
|--------------------|-----------------------------|------------------------------------|------------------|
| A                  | Sect 1 Work Years           | (a) Salary                         | 1,956,500        |
|                    |                             | (b) Pension                        | 391,300          |
|                    |                             | (c) Common Staff Costs             | 369,000          |
|                    | Sect 2 Temporary Assistance |                                    | 65,600           |
| B                  | Sect 3 Communications       | (a) Telecommunications             | 6,500            |
|                    |                             | (b) Postal Charges                 | 0                |
|                    | Sect 4 Building Facilities  | (b) Utilities                      | 13,000           |
|                    |                             | (c) Maintenance and Insurance      | 5,000            |
|                    | Sect 5 Permanent Equipment  |                                    | 36,000           |
|                    | Sect 6 Expendable Supplies  |                                    | 20,000           |
|                    | Sect 7 Contractual Serv.    | (a) Reproduction                   | 15,000           |
|                    |                             |                                    |                  |
| C                  | Sect 8 Staff Overheads      | (a) Training                       | 25,000           |
|                    |                             | (b) Insurance                      | 12,000           |
|                    |                             | (d) Miscellaneous                  | 2,000            |
|                    | Sect 9 Missions             | (a) Missions Official              | 10,000           |
|                    | Sect 11 Various             | (a) Representation and Hospitality | 1,000            |
|                    |                             | (d) Appellate Body Members         | 688,100          |
|                    |                             | (e) Library                        | 10,000           |
|                    |                             | (l) Appellate Body Operating Fund  | 1,100,000        |
| <b>Grand Total</b> |                             |                                    | <b>4,726,000</b> |

Table III.6

**Members' contributions to the WTO budget and the budget of the Appellate Body, 2006***(Minimum contribution of 0.015 per cent)*

| Members             | 2006 Contribution |              |
|---------------------|-------------------|--------------|
|                     | %                 | CHF          |
| Albania             | 0.017%            | 29,529.00    |
| Angola              | 0.079%            | 137,223.00   |
| Antigua and Barbuda | 0.015%            | 26,055.00    |
| Argentina           | 0.360%            | 625,320.00   |
| Armenia             | 0.015%            | 26,055.00    |
| Australia           | 1.113%            | 1,933,281.00 |
| Austria             | 1.382%            | 2,400,534.00 |
| Bahrain             | 0.078%            | 135,486.00   |
| Bangladesh          | 0.105%            | 182,385.00   |
| Barbados            | 0.018%            | 31,266.00    |
| Belgium             | 2.619%            | 4,549,203.00 |
| Belize              | 0.015%            | 26,055.00    |

| Members                                | 2006 Contribution |               |
|--|-------------------|---------------|
|  | %                 | CHF           |
| Benin                                  | 0.015%            | 26,055.00     |
| Bolivia                                | 0.023%            | 39,951.00     |
| Botswana                               | 0.033%            | 57,321.00     |
| Brazil                                 | 0.869%            | 1,509,453.00  |
| Brunei Darussalam                      | 0.036%            | 62,532.00     |
| Bulgaria                               | 0.108%            | 187,596.00    |
| Burkina Faso                           | 0.015%            | 26,055.00     |
| Burundi                                | 0.015%            | 26,055.00     |
| Cambodia                               | 0.029%            | 50,373.00     |
| Cameroon                               | 0.031%            | 53,847.00     |
| Canada                                 | 3.830%            | 6,652,710.00  |
| Central African Republic               | 0.015%            | 26,055.00     |
| Chad                                   | 0.015%            | 26,055.00     |
| Chile                                  | 0.289%            | 501,993.00    |
| China, People's Republic of            | 4.089%            | 7,102,593.00  |
| Colombia                               | 0.195%            | 338,715.00    |
| Congo                                  | 0.023%            | 39,951.00     |
| Costa Rica                             | 0.098%            | 170,226.00    |
| Côte d'Ivoire                          | 0.060%            | 104,220.00    |
| Croatia                                | 0.146%            | 253,602.00    |
| Cuba                                   | 0.058%            | 100,746.00    |
| Cyprus                                 | 0.068%            | 118,116.00    |
| Czech Republic                         | 0.561%            | 974,457.00    |
| Democratic Republic of the Congo       | 0.015%            | 26,055.00     |
| Denmark                                | 0.970%            | 1,684,890.00  |
| Djibouti                               | 0.015%            | 26,055.00     |
| Dominica                               | 0.015%            | 26,055.00     |
| Dominican Republic                     | 0.119%            | 206,703.00    |
| Ecuador                                | 0.080%            | 138,960.00    |
| Egypt                                  | 0.242%            | 420,354.00    |
| El Salvador                            | 0.061%            | 105,957.00    |
| Estonia                                | 0.069%            | 119,853.00    |
| European Communities                   | 0.000%            | -             |
| Fiji                                   | 0.015%            | 26,055.00     |
| Finland                                | 0.608%            | 1,056,096.00  |
| Former Yugoslave Republic of Macedonia | 0.024%            | 41,688.00     |
| France                                 | 5.022%            | 8,723,214.00  |
| Gabon                                  | 0.030%            | 52,110.00     |
| Gambia                                 | 0.015%            | 26,055.00     |
| Georgia                                | 0.015%            | 26,055.00     |
| Germany                                | 8.807%            | 15,297,759.00 |
| Ghana                                  | 0.040%            | 69,480.00     |

| Members            | 2006 Contribution |               |
|--------------------|-------------------|---------------|
|                    | %                 | CHF           |
| Greece             | 0.468%            | 812,916.00    |
| Grenada            | 0.015%            | 26,055.00     |
| Guatemala          | 0.065%            | 112,905.00    |
| Guinea             | 0.015%            | 26,055.00     |
| Guinea-Bissau      | 0.015%            | 26,055.00     |
| Guyana             | 0.015%            | 26,055.00     |
| Haiti              | 0.015%            | 26,055.00     |
| Honduras           | 0.038%            | 66,006.00     |
| Hong Kong, China   | 3.052%            | 5,301,324.00  |
| Hungary            | 0.527%            | 915,399.00    |
| Iceland            | 0.043%            | 74,691.00     |
| India              | 0.913%            | 1,585,881.00  |
| Indonesia          | 0.757%            | 1,314,909.00  |
| Ireland            | 1.237%            | 2,148,669.00  |
| Israel             | 0.548%            | 951,876.00    |
| Italy              | 3.995%            | 6,939,315.00  |
| Jamaica            | 0.052%            | 90,324.00     |
| Japan              | 5.945%            | 10,326,465.00 |
| Jordan             | 0.063%            | 109,431.00    |
| Kenya              | 0.042%            | 72,954.00     |
| Korea, Republic of | 2.455%            | 4,264,335.00  |
| Kuwait             | 0.200%            | 347,400.00    |
| Kyrgyz Republic    | 0.015%            | 26,055.00     |
| Latvia             | 0.053%            | 92,061.00     |
| Lesotho            | 0.015%            | 26,055.00     |
| Liechtenstein      | 0.025%            | 43,425.00     |
| Lithuania          | 0.090%            | 156,330.00    |
| Luxembourg         | 0.360%            | 625,320.00    |
| Macao, China       | 0.066%            | 114,642.00    |
| Madagascar         | 0.015%            | 26,055.00     |
| Malawi             | 0.015%            | 26,055.00     |
| Malaysia           | 1.273%            | 2,211,201.00  |
| Maldives           | 0.015%            | 26,055.00     |
| Mali               | 0.015%            | 26,055.00     |
| Malta              | 0.046%            | 79,902.00     |
| Mauritania         | 0.015%            | 26,055.00     |
| Mauritius          | 0.037%            | 64,269.00     |
| Mexico             | 2.289%            | 3,975,993.00  |
| Moldova            | 0.015%            | 26,055.00     |
| Mongolia           | 0.015%            | 26,055.00     |
| Morocco            | 0.158%            | 274,446.00    |
| Mozambique         | 0.016%            | 27,792.00     |

| Members                        | 2006 Contribution |              |
|--------------------------------|-------------------|--------------|
|                                | %                 | CHF          |
| Myanmar, Union of              | 0.032%            | 55,584.00    |
| Namibia                        | 0.021%            | 36,477.00    |
| Nepal                          | 0.018%            | 31,266.00    |
| Netherlands                    | 3.342%            | 5,805,054.00 |
| New Zealand                    | 0.247%            | 429,039.00   |
| Nicaragua                      | 0.021%            | 36,477.00    |
| Niger                          | 0.015%            | 26,055.00    |
| Nigeria                        | 0.172%            | 298,764.00   |
| Norway                         | 0.841%            | 1,460,817.00 |
| Oman                           | 0.117%            | 203,229.00   |
| Pakistan                       | 0.153%            | 265,761.00   |
| Panama                         | 0.100%            | 173,700.00   |
| Papua New Guinea               | 0.027%            | 46,899.00    |
| Paraguay                       | 0.036%            | 62,532.00    |
| Peru                           | 0.121%            | 210,177.00   |
| Philippines                    | 0.497%            | 863,289.00   |
| Poland                         | 0.747%            | 1,297,539.00 |
| Portugal                       | 0.548%            | 951,876.00   |
| Qatar                          | 0.108%            | 187,596.00   |
| Romania                        | 0.206%            | 357,822.00   |
| Rwanda                         | 0.015%            | 26,055.00    |
| Saint Lucia                    | 0.015%            | 26,055.00    |
| Saudi Arabia, Kingdom of       | 0.751%            | 1,304,487.00 |
| Senegal                        | 0.021%            | 36,477.00    |
| Sierra Leone                   | 0.015%            | 26,055.00    |
| Singapore                      | 2.085%            | 3,621,645.00 |
| Slovak Republic                | 0.221%            | 383,877.00   |
| Slovenia                       | 0.161%            | 279,657.00   |
| Solomon Islands                | 0.015%            | 26,055.00    |
| South Africa                   | 0.466%            | 809,442.00   |
| Spain                          | 2.506%            | 4,352,922.00 |
| Sri Lanka                      | 0.088%            | 152,856.00   |
| St. Kitts and Nevis            | 0.015%            | 26,055.00    |
| St. Vincent and the Grenadines | 0.015%            | 26,055.00    |
| Suriname                       | 0.015%            | 26,055.00    |
| Swaziland                      | 0.015%            | 26,055.00    |
| Sweden                         | 1.345%            | 2,336,265.00 |
| Switzerland                    | 1.423%            | 2,471,751.00 |
| Chinese Taipei                 | 1.894%            | 3,289,878.00 |
| Tanzania                       | 0.022%            | 38,214.00    |
| Thailand                       | 0.990%            | 1,719,630.00 |
| Togo                           | 0.015%            | 26,055.00    |

| Members              | 2006 Contribution |                         |
|----------------------|-------------------|-------------------------|
|                      | %                 | CHF                     |
| Trinidad and Tobago  | 0.050%            | 86,850.00               |
| Tunisia              | 0.127%            | 220,599.00              |
| Turkey               | 0.709%            | 1,231,533.00            |
| Uganda               | 0.015%            | 26,055.00               |
| United Arab Emirates | 0.633%            | 1,099,521.00            |
| United Kingdom       | 5.564%            | 9,664,668.00            |
| United States        | 15.410%           | 26,767,170.00           |
| Uruguay              | 0.043%            | 74,691.00               |
| Venezuela            | 0.306%            | 531,522.00              |
| Zambia               | 0.015%            | 26,055.00               |
| Zimbabwe             | 0.029%            | 50,373.00               |
| <b>TOTAL</b>         | <b>100.00000%</b> | <b>173,700,000.0000</b> |

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 five 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 or equal to 0.015%.

Table III.7

#### Miscellaneous income for 2006

| Miscellaneous Income  | 2006 Estimates CHF |
|---|--------------------|
| Sale of publications  | 180,000            |
| Profit or (loss) on exchange  |                    |
| Savings on previous year's outstanding obligations                                    | 115,050            |
| Rental of meeting rooms, office space and parking at Centre William Rappard to others | 150,000            |
| Contributions of Observer Countries   | 680,000            |
| Other:  |                    |
| - Interest on Current Account   | 40,000             |
| - Various   | 135,100            |
| <b>TOTAL</b>  | <b>1,300,150</b>   |

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## Notes

