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Director-General Supachai Panitchpakdi, in his first annual report to members on developments in the international trading environment released on 15 November 2002, underlined that "trade liberalization and poverty reduction go hand in hand". He cited recent estimates that eliminating trade barriers in all countries could result in welfare gains of up to US\$620 billion annually, of which about one third to one half would go to developing countries.

The Director-General said there is still "unfinished business on tariffs," noting that "tariffs remain an important impediment to international trade, notwithstanding the considerable achievements of the Uruguay Round". He added that even in industrialized countries, where average tariff protection is low, tariff "peaks" exist in certain sectors, notably agricultural products, textiles, clothing and footwear.

Dr. Supachai said another key area of interest is agriculture, which, "despite its small and diminishing contribution to GDP in most developed economies, receives a disproportionate amount of assistance in the form of subsidies and protection at the border".

Market-access conditions are also a key interest of members in trade in services, which are now among the fastest growing segments of world trade. Dr. Supachai said expectations are that "the gains from liberalizing services are substantially greater than those from liberalizing trade in goods".

The Director-General notes that there are around 240 regional trade agreements currently in force, and there could be close to 300 by 2005. He said that when fully in line with the WTO, these agreements can complement the strengthening and liberalization of world trade "but by discriminating against third countries and creating a complex network of trade regimes, such agreements pose systemic risk to the global trading system".

Dr. Supachai also notes that another area of key interest is the increasing use by more members, including developing countries, of contingency measures, particularly anti-dumping actions.

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[Former Yugoslav Republic of Macedonia signs membership agreement](#) [back to top](#)



The WTO General Council has cleared the way for the former Yugoslav Republic of Macedonia to become a WTO member. Immediately after the General Council's decision on 15 October, the agreement was signed.

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[Supachai: Disappointing trade figures underscore need to accelerate trade talks](#)

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Global economic activity strengthened in the first half of 2002 and world trade started to recover from the first quarter onwards, according to the latest WTO figures. But the overall picture is disappointing and WTO Director-General Supachai Panitchpakdi says the need to meet negotiating deadlines is even more pressing.

According to the WTO International Trade Statistics Report, global economic activity strengthened in the first half of 2002 and world trade started to recover from the first quarter onwards. Despite this turnaround at the beginning of the year, the dollar value of world merchandise exports remained at 4 percent below the preceding year's level. In the first six months of 2002 imports of the EU and the United States decreased by 6 percent while those of Japan and Latin America decreased at double digit rates. China and the Russian Federation, however, sharply increased their imports by 10 and 7 percent respectively.

Provided that the momentum of the recovery in OECD countries and in developing Asia is maintained in the last two quarters of this year, the volume of world merchandise trade is projected to expand by 1 percent in 2002. The increase in the dollar prices (on a year to year basis) in the second half of 2002 is expected to be broadly based, affecting all the major product groups, manufactured goods, crude oil and non-fuel products.

The Report noted that 2001 witnessed the first decline in the volume of world merchandise trade since 1982 and the first decrease in world merchandise output since 1991. Global GDP growth edged up only by about 1 percent due to a more resilient services sector. Developments in 2001 represented a dramatic change in comparison to the previous year, when trade and output recorded their best performance in more than a decade.

Dr. Supachai said: "The disappointing trade figures for 2001 and the first half of 2002 underscore the importance of making progress in the Doha Development Agenda negotiations. While the depressed levels for imports and exports reflect macroeconomic factors, it is evident that policy measures must be taken to bolster confidence and provide the underlying assurances necessary to foster higher levels of growth. One such measure would be for political leaders to send a strong signal to consumers, producers and markets that they intend to move forward in the area of further trade liberalization through the DDA".

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