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WTO Newsletter

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General Council supports suspension of trade talks, Task Force submits "Aid for Trade" recommendations



The General Council, at its meeting on 27-28 July, supported a recommendation by Director-General Pascal Lamy to suspend the Doha

Ministers have failed to narrow their differences on the “modalities” or template agreements that are needed to compile detailed cuts in tariffs and agricultural subsidies, and members have asked Director-General Lamy to try to broker a compromise “as soon as possible”. Members also shared his assessment that the negotiations are now in crisis. A formal meeting on 1 July 2006 of the Trade Negotiations Committee, which comprises the entire WTO membership, brought to an end about three days of discussions among a representative group of ministers. No progress was made in trying to narrow the gaps on formulas for reducing tariffs and subsidies, various flexibilities, and other disciplines that would be in the “modalities”.

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**TRADE POLICY REVIEW** [back to top](#)

[Nicaragua: Recent economic progress could be sustained by more multilateral liberalization](#)

The Trade Policy Review Body reviewed the trade policies and practices of Nicaragua on 24 and 26 July. Since its last review in 1999, Nicaragua has experienced a favourable economic development with moderate GDP growth, control of the fiscal deficit, and reduction of external debt to sustainable levels, thanks to a macroeconomic adjustment programme, and a policy to keep markets open, according to the WTO Secretariat report. The report notes that during the period under review, Nicaragua eliminated the import surcharge introduced in 1994, redrafted or amended its legislation in many areas, made scant use of contingency measures, applied limited non-tariff barriers and made improvements in areas such as import procedures, customs valuation, and intellectual property protection, while additional reforms are under consideration. Nevertheless, while the average MFN tariff is relatively low, it has increased over the past years due largely to the continuation of the process of harmonization under the Central American Common Market.

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[Togo: Socio-political stability and ambitious reforms could improve economic performance](#)

## WTO ACTIVITIES [back to top](#)

### Goods Council approves waiver for EC's trade preference scheme for the Western Balkans



The Council for Trade in Goods, on 12 July, approved the European Communities' request for a waiver on its trade preference scheme for the Western Balkans and agreed to forward it to the General Council for adoption.

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### The Dominican Republic joins WTO's Information Technology Agreement

The Committee of Participants on the Expansion of Trade in Information Technology Products approved, on 7 July, the participation of the Dominican Republic, which became the 68th member of the WTO's Information Technology Agreement (ITA).

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### TRIPS Council: EC presents implementing regulation on public health decision

The Council for Trade-Related Aspects of Intellectual Property Rights, on 14-15 June, took note of new notifications made under various provisions of the TRIPS Agreement. In this context, the European Communities introduced a new EC regulation on compulsory licensing of patents to implement the recent WTO Decisions on the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health.

The Council took note of the outstanding material required to complete the pending reviews of eight members. Regarding the review of national implementing legislation of Saudi Arabia, it set target dates for the submission of questions and answers.

The Council continued its discussion of the agenda items on the review of the provisions of Article 27.3(b), the relationship between the TRIPS Agreement and the Convention on Biological Diversity, and the protection of traditional knowledge and folklore on the basis of contributions by members.

The Council had before it three new communications: from Japan on "The Patent System and Genetic Resources"; from Norway on "Amending the TRIPS Agreement to Introduce an Obligation to Disclose the Origin of Genetic Resources and Traditional Knowledge in Patent Applications"; and from Brazil, China, Cuba, India, Pakistan, Peru, Thailand and Tanzania on

their activities of relevance.

This information was requested by 29 September 2006 to allow its timely circulation before the October meeting. The Secretariat reported on action to enhance technical cooperation in favour of LDCs, including in cooperation with WIPO, as called for by the Decision on "Extension of the Transition Period under Article 66.1 for Least-Developed Country Members".

On the request of the European Communities, the Council had a further exchange on the communications from the European Communities on "Enforcement of Intellectual Property Rights".

Other agenda items that the Council took up were non-violation and situation complaints, the review of implementation of the TRIPS Agreement under Article 71.1; observer status for international intergovernmental organizations; and information on relevant developments elsewhere in the WTO.

Under "Other Business", the Council agreed on the arrangements for its fourth annual review of developed country members' reports on their implementation of Article 66.2 of the TRIPS Agreement. The Council requested developed country Members to submit new detailed reports on actions they had taken or planned in pursuance of their commitments under Article 66.2 by 29 September, in order to allow their timely circulation and review at the Council's meeting scheduled for 25-26 October.

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**Bilaterals done, multilateral nearly, Viet Nam's membership now in sight**

The chairperson of Viet Nam's membership negotiations aims to secure final agreement at the General Council meeting in October, he told the talks' working party on 19 July.

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**Yemen submits revised offers on goods and services**

The Working Party on the Accession of Yemen, at its third meeting on 7 July, continued its examination of Yemen's foreign trade regime on the basis of documentation provided by Yemen and a Revised Factual Summary of Points Raised prepared by the Secretariat. Yemen is to provide further inputs and a revised legislative action plan prior to the next meeting. It submitted revised offers on goods and services and met bilaterally with interested Members on the fringes of the Working Party meeting. China announced that it had concluded its market access negotiations with Yemen. Revised offers are to be submitted in advance of the next meeting. No date was fixed for the next meeting but it may be held in early-2007.

**Montenegro tables initial offer on goods**

The Working Party on the Accession of Montenegro to the WTO, at its second meeting on 5 July, received positively the latest information on

foreign trade regime of Montenegro and the initial offer on goods. The meeting proceeded in an expeditious and business-like manner. The delegation from Montenegro was led by Dr. Gordana Djurovic, Minister for International Economic Relations and European Integration. The timing of the next meeting will be fixed once new inputs have been received from Montenegro.

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## DISPUTE SETTLEMENT [back to top](#)

### WTO appoints new Appellate Body Member



The WTO Dispute Settlement Body appointed, on 31 July, Mr. David Unterhalter, aged 47, of South Africa to the seven-member Appellate Body to replace the late Mr John Lockhart who passed away in January.

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### DSB establishes panels in reference to shrimp and gambling services disputes

The Dispute Settlement Body, on 19 July, established a panel to examine US measures on shrimp from Ecuador (DS335) and a compliance panel to review US implementation of "gambling" rulings (DS285).

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## DEVELOPMENT [back to top](#)

### WTO Working Group discusses paper on technology transfer to developing countries

The Working Group on Trade and Transfer of Technology, on 13 July, in its consideration of possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries, discussed an earlier submission tabled by India, Pakistan and the Philippines.

The proponents provided detailed responses and clarification to the questions that some developed countries had posed which mainly related to issues on "the linkage between Articles 66.2, 67 and 7 of the TRIPS Agreement"; "the meaning of formal adoption of voluntary guidelines"; "the intent of the establishment of mechanisms for the formation, assessment and implementation of technological standards"; and "the development of mechanisms to disseminate and exchange information on investment and technology-related incentives and best practices". These issues will remain on the agenda of the next meeting.

Members continued their consideration of the relationship between trade and transfer of technology and had a useful discussion, including in the context of two studies that were introduced by UNCTAD ("Salmon Industry in Chile") and UNIDO, eu UNpoauseuDeful dis0 1 stry

encouraged to make country presentations, highlighting through national examples, the role that trade can play in facilitating technology transfer.

#### CTD Chair highlights progress on agreement-specific proposals

At the Special Session of the Committee on Trade and Development meeting on 7 July, the Chairman, Amb. Burhan Gafoor (Singapore) briefed delegations on the status of work on the remaining Agreement-specific proposals. He highlighted the progress made on seven of the proposals and stressed the need for members to seek elements of convergence, on the remaining nine proposals, so that he could start a text-based discussion on them too.

Zambia, on behalf of the LDCs, made a presentation on the two papers they had recently submitted, one on Rules of Origin and the other on Market Access. Both papers are intended to contribute to the discussions on the duty-free and quota-free market access decision. Notwithstanding the reservations expressed by some delegations, these submissions will be discussed further in the next meeting of the Special Session.

Under the agenda item on the outstanding issues, the discussions mainly focused on the Monitoring Mechanism, with members agreeing that it was important to reach an understanding on the scope of the Mechanism. The Secretariat will be preparing a compilation of all the earlier submissions made on the Monitoring Mechanism.

#### CTD resumes discussion of ASEAN-China FTA

The Committee on Trade and Development, during its regular session on 6 July resumed its discussion on the notifications made by Association of Southeast Asian Nations (ASEAN) and China under the Enabling Clause. There was no agreement on a request that answers submitted bilaterally by ASEAN and China to the European Communities, the United States and Japan be shared with all members and circulated as a CTD document. The Chairman said he would consult with the concerned members and report back to the CTD at its next meeting.

Discussion continued on the EC's notification under the Enabling Clause concerning its revised GSP scheme and the EC's written responses to questions posed by Brazil, China, India and Pakistan. The item will remain on the agenda for the next meeting.

Under the agenda item concerning the Hong Kong Decision to provide duty-free and quota free market access (DFQF) for LDCs, Japan submitted a note explaining the steps it would take to implement the Decision. Zambia, on behalf of the LDC Group, said that work in the CTD was only one aspect of the Decision and drew Members' attention to two recent submissions made by the Group to the CTD in Special Session (on rules of origin and on DFQF market access implementation of the Decision).

The Committee continued its review of the developmental aspects of the negotiations and discussed the Secretariat's recently revised paper in this regard. Delegations welcomed the paper and many emphasized its usefulness as a document which shows the potential of the Round to make a contribution to development. Members urged the Secretariat to continue revising the paper to reflect developments in the Round.

Cooperation (ITTC) appealed to donors to make urgent contributions to the Global Trust Fund for technical assistance.

## Japan, the Czech Republic and Spain contribute to WTO technical assistance



- The Japanese government has donated Yen 50 million (CHF 572,727) to finance 2006 technical assistance and training activities organized by the WTO.  
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- The Government of the Czech Republic has given CZK 1,5 million (CHF 76,173) to the WTO Doha Development Agenda Global Trust Fund.  
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- The Spanish Government, on 1 July 2006, signed a Memorandum of Understanding with the WTO over a contribution of EUR 342,000 (approximately CHF 532,000) to finance technical assistance and training activities in Latin America and the Caribbean.  
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### NEW PUBLICATIONS [back to top](#)

#### WTO World Trade Report focuses on subsidies



Government subsidies can be useful instruments in correcting market failures and working towards social objectives but can also distort trade and provoke strong responses from trading partners, according to the WTO's 2006 World Trade Report which was launched on 24 July. "WTO economists have carefully scrutinized the use and the impact of government support in a variety of sectors. While some subsidies can benefit society and can offset the negative externalities of economic activity, other types of government support are clearly more controversial and can be damaging. One significant part of our Doha round negotiations involves reducing subsidies which distort trade while encouraging governments to use other forms of support which can facilitate development and environmental protection. Shifting support in this way is politically difficult and requires determination and courage, but the evidence is clear that such reforms can level the playing field and provide real rewards across the board," said Director-General Lamy.

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