

PRESS PACK  
**BRIEFING NOTES**

World Trade Organization  
**6th Ministerial Conference**  
Hong Kong, China

13–18 December 2005

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## NOTE

These briefing notes describe the situation as it exists at the time of going to press (mid-November 2005)

They are designed to help journalists and the public understand the key issues of the Hong Kong Ministerial Conference. While every effort has been made to ensure the contents are accurate, they are not legal interpretations of the WTO agreements, nor do they prejudice member governments' positions in the conference and in the negotiations.

In addition, some simplifications are used in order to keep the text simple and clear.

In particular, the words "country" and "nation" are frequently used to describe WTO members, whereas a few members are officially "customs territories", and not necessarily countries (see list of members). The same applies when participants in trade negotiations are called "countries" or "nations".

Where there is little risk of misunderstanding, the word "member" is dropped from "member countries (nations, governments)", for example in the descriptions of the WTO agreements. The agreements and commitments do not apply to non-members.

And, for easier reading, article numbers in GATT and GATS have been translated from Roman numbers into European digits.

## ON THE WEBSITE

[www.wto.org](http://www.wto.org)

You can find more information on WTO activities and issues on **the WTO website**. The site is created around "**gateways**" leading to various subjects — for example, the "trade topics" gateway or the "Doha Development Agenda" gateway. Each gateway provides links to all material on its subject.

References in this text show you where to find the material. This is in the form of a path through gateways, starting with one of the navigation links in the top right of the homepage or any other page on the site. For example, to find material on the agriculture negotiations, you go through this series of gateways and links:

**[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [agriculture](#) > [agriculture negotiations](#)**

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## **PRESS INFORMATION**

### **WTO Sixth Ministerial Conference**

Welcome to the WTO's Ministerial Conference. This Conference is part of the ongoing round of international trade negotiations known as the Doha Development Agenda (DDA). Launched by ministers at the WTO's fourth Ministerial Conference in Doha, Qatar, in November 2001, the Doha Round of negotiations is expected to conclude at the end of 2006. Its goal is to reduce barriers to trade in areas ranging from services to agriculture, allowing for the economic development of all WTO members.

Since the launch of the round in 2001, government representatives, under instruction from their ministers, have been negotiating at the WTO headquarters in Geneva. Here in Hong Kong, ministers are expected to review progress and to take any decisions necessary to advance the negotiations further towards their conclusion in 2006.

#### **Organization**

The Conference is chaired by Mr John Tsang, Secretary of Commerce, Industry and Technology of Hong Kong, China. A key role in these meetings is expected to be played by Mr Pascal Lamy, Director-General of the WTO and Chairman of the Trade Negotiations Committee of the DDA negotiations in Geneva. The three Vice-Chairpersons are: Dr Martin Bartenstein, Federal Minister for Economic Affairs and Labour of Austria; Mr Idris Waziri, Minister of Commerce of Nigeria; and The Hon. Antoinette Miller, Senior Minister, Ministry of Foreign Affairs and Foreign Trade of Barbados. The

## **Media facilities**

The Press Centre is located on Phase I, Level II. It offers about 1000 workstations – 300 of them with personal computers and the others with internet and power connections for laptops. Wireless internet is available in the entire conference centre.

Keith Rockwell, the WTO spokesman, will hold daily media briefings in Theatre I at pre-announced times. On Monday 12 December, Mr Rockwell will brief media on the logistical arrangements for the Conference at 3.00pm in Theatre I. Other press conferences by governments or WTO officials will be announced on monitors throughout the conference centre. WTO press officers and support staff for information and media relations will be available throughout the duration of the Conference at the Information and Media Relations office, behind the press centre seating area.

Briefing notes have been prepared by the press officers to help explain some of the many complexities in the wide range of issues under discussion in the DDA. Further detailed information on these and on other WTO issues, together with related official documentation, is available on the WTO website.

Print copies of all statements by ministers delivered in the plenary sessions will be available as soon as they have been translated into the three WTO working languages (English, French, and Spanish). These will also be available on the website.

## SNAPSHOT Doha Development Agenda

*A brief summary of some of the items on the Agenda.  
The attached notes contain more information on these  
and other issues.*

- **Agriculture** Comprehensive negotiations, incorporating special and differential treatment for developing countries and aimed at substantial improvements in market access; elimination of all forms of export subsidies, as well as establishing disciplines on all export measures with equivalent effect, by a



## How we got here

The way negotiators get to grips with highly complex negotiations is to accumulate a series of deals that eventually build up to the final agreement. At any time in a negotiation, what has been achieved and agreed or acquired so far (the French term “**acquis**” is often used), is important. One major point achieved in the agriculture talks is the elimination of export subsidies, agreed in 2004.

The starting point is the 1986–1994 Uruguay Round, which produced the WTO’s Agriculture Agreement and individual countries’ commitments to reduce export subsidies, domestic support and import barriers on agricultural products. This significant first step towards reforming agricultural trade brought all agricultural products (as listed in the agreement) under multilateral disciplines, including “tariff bindings” — WTO members have bound themselves to maximum tariffs on virtually all agricultural products, while a significant number of industrial tariffs remain unbound. The reform also set maximum limits on subsidies, constraining them for the first time, and reducing them from past levels.

Since then, in the agriculture talks, the following have been “acquired”:

- **The original mandate: Article 20.** The present Agriculture Agreement, resulting from the 1986–94 Uruguay Round, was significant but only a first step towards reforming agricultural trade. Many countries considered the deal to be unfinished business, a view confirmed in Article 20 of the Agriculture Agreement, which describes reform as an “ongoing process” and commits members to further negotiations from 2000. The article clearly sets out the direction of the talks, but in broad terms — “substantial progressive reductions in support and protection resulting in fundamental reform”.
- The 2001 **Doha Ministerial Declaration** (see below).
- The **framework** agreed in the 1 August 2004 General Council decision, part of what is sometimes called the “July 2004 package” (see below).

### The negotiations: before Doha — 2000–2001

The negotiations began in early 2000 in “Special Sessions” of the Agriculture Committee. Right from the start, participation was and remains unprecedented. In the first year alone, 126 member governments (89% of the then 142 members) submitted 45 proposals and three technical documents. Because the





general and the accompanying flexibilities for particular products or circumstances. A large number of

ports (distorting but less so because of production limits or other criteria) will be capped; at the moment the Blue Box has no limits. The fine print contains details but also stresses that these have to meet the long-term objective of "substantial reductions". On top of that, in the first year each country's ceiling of permitted overall support will be cut by 20% (sometimes called a "downpayment"). This will considerably tighten disciplines on distorting domestic support, but for most countries it might not bite much into actual supports since current levels tend to be below the ceilings.

As for "Green Box" supports, currently unlimited, criteria for defining supports eligible for this category will be reviewed and clarified to ensure that the supports really do not distort trade, or do so minimally. At the same time, the exercise will preserve the basic concepts, principles and effectiveness of the Green Box, and take account of non-trade concerns such as environmental protection and rural development.



## TRADE IN SERVICES

# One member's obligation is another member's right

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > services*

*DOHA DECLARATION: Paragraph 15*

### **GATS: The Agreement**

The General Agreement on Trade in Services (GATS) is the first and only set of multilateral rules governing international trade in services. The agreement covers all internationally-traded services – for example: banking, telecommunications, tourism, and professional services such as accountancy, architectural, legal services, among others.

Governmental services are explicitly left out of the agreement and there is no legal obligation to force a government to privatize services industries. Nor does the agreement outlaw government or private monopolies. Governmental services are defined in

are willing to consider opening their domestic markets in response to these requests. This sets in motion a series of bilateral bargaining sessions. Regardless of which country submits a request, the final offer from the responding country applies to all trading partners. The negotiations are considered successfully concluded only when all the governments assess that the latest offers represent a commercially meaningful package of opportunities for their national services suppliers. These final offers then become legally-binding commitments specifying the conditions under which market access is granted.

The commitments appear in “schedules” that list the sectors being opened, specifying the extent of market access being given in those sectors (e.g. whether there are any restrictions on foreign ownership), and any limitations on national treatment (e.g. whether some privileges given to local companies will not be given to foreign companies). So, for example, if a government commits itself to allow foreign banks to operate in its domestic market, that is a market-access commitment. And if the government limits the number of licenses it will issue, then that is a market-access limitation. If it also says that foreign banks are subject to higher minimum capital requirements than domestic banks, that is a national-treatment limitation.

**Brief summary of market access talks:** So far, 93 governments have submitted initial offers, of which €

- **Postal and courier services** 14 offers have been made. A number of delegations characterized postal and courier services as a top priority. Some expressed interest in commitments on all postal or courier service no longer subject to monopoly, others put particular emphasis on courier or express delivery service.
- **Telecommunications services** 34 offers have been made in this sector, in which virtually all developed-country delegations as well as a number of developing-country delegations have expectations for progress.
- **Financial services** 32 offers have been made with respect to insurance and insurance-related services and 30 offers have been made with respect to banking and other financial services. A number of delegations expressed disappointment since ma.5(t)-0.001sp30 of9r0.3( e)-1di3(th)-o15 8us2-7se s30 oga30
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## MARKET ACCESS, NON-AGRICULTURAL PRODUCTS

### Still sorting out 'modalities'

#### ON THE WEBSITE:

[www.wto.org](http://www.wto.org) > trade topics > goods > market access

[www.wto.org](http://www.wto.org) > trade topics > goods > market access > market access negotiations

DOHA DECLARATION: Paragraph 16

Negotiators have been considering in the past months the structure of the formula to be applied for tariff reductions. The formula is the most fundamental element of the negotiations and a key modality in the tariff reduction exercise. The aim is to have an agreement on modalities by the Ministerial Conference in Hong Kong.

#### The Doha mandate

At the Doha Ministerial Conference in November 2001, ministers agreed to start negotiations to further liberalize trade in non-agricultural goods. To this end, the Negotiating Group on Market Access (NAMA) was created at the first meeting of the Trade Negotiations Committee, in early 2002.

The ministers agreed to launch tariff-cutting negotiations on all non-agricultural products. The aim is "to reduce, or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries". The product coverage shall be comprehensive and without a priori exclusions.

These negotiations shall take fully into account the special needs and interests of developing and least-developed countries, and recognize that these countries do not need to match or reciprocate in full tariff-reduction commitments by other participants.

At the start, participants had to reach agreement on how ("**modalities**") to conduct the tariff-cutting exercise. (In the Tokyo Round, the participants used an agreed mathematical formula to cut tariffs across the board; in the Uruguay Round, participants negotiated tariff cuts using a variety of methods). The agreed procedures would include studies and capacity-building measures that would help least-developed countries participate effectively in the negotiations.

While eight GATT Rounds have sharply reduced customs duties, certain tariffs continue to restrict trade, especially on exports of developing countries — for instance "tariff peaks", which are relatively high tariffs, usually on "sensitive" [(Ta-6.2)7.4i 1sTc0airiffri.,

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These proposals deal with the “modalities” for the negotiations, covering tariff reductions, how to deal with non-tariff barriers, how to give developing countries special and differential treatment, and the possible effects of the reduction in tariffs on the development policies of some countries and on their fiscal revenues, etc. The “modalities” include the criteria to be used to define environmental goods, since the Doha Declaration includes a mandate to negotiate the reduction of tariffs in this particular sector of goods, a subject transferred from the Trade and Environment Committee to this negotiating group.

At the end of July 2005, the chairman of the Negotiating Group, ambassador Stefan Johannesson of Iceland, submitted a report to the General Council in which he reported that there was an impasse on the formula, although Members were not as far apart and the divergence was not so much about the structure as about getting the right balance between ambition and flexibilities for developing countries.

**The formula:** In his latest assessment of the negotiations, the chairman said he believed that Members supported the use of a Swiss Formula (that is, higher tariffs are submitted to deeper cuts) as the central tariff cutting mechanism for the NAMA negotiations. However, he also said that under this umbrella of a Swiss formula, he had identified two approaches. In general terms, one approach envisages the use of a limited number of coefficients to be negotiated and the other proposes a largely pre-determined coefficient for each Member using its tariff average as a starting point. Members that have submitted proposals for a formula are Chile, Colombia and Mexico (joint proposal); Norway; United States; European Communities; Argentina, Brazil and India (joint proposal); Antigua and Barbuda, Barbados, Jamaica and Trinidad and Tobago (joint proposal); and Pakistan.

**Sectors:** In the July 2004 agreement on the framework for establishing modalities, members recognized that a sectorial tariff component, aiming at elimination or g( )7.b32(vib3(obb uw0e11(s)-4.9(r)31(ati)0.0v)1.2Nc0 n-0.0 ropos-)



## INTELLECTUAL PROPERTY (TRIPS) Negotiations, implementation and TRIPS Council work

### *ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > intellectual property*

*DOHA DECLARATION: Paragraphs 17–19*

The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) has a wide ranging work programme, including TRIPS and health, some aspects of geographical indications and the review of some TRIPS provisions. This briefing note contains an explanation of the subjects.

### TRIPS and public health

#### *TRIPS AND PUBLIC HEALTH ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > intellectual property (scroll down to "specific trips issues") > trips and public health gateway page*

Now largely settled is the question of how to ensure that patent protection for pharmaceutical products does not prevent people in poor countries from having access to medicines — while at the same time maintaining the patent system's role in providing incentives for research and development into new medicines. The remaining task is to convert a General Council decision of 30 August 2003 into a permanent amendment of the TRIPS Agreement.

Underlying the deliberations are flexibilities written into the TRIPS Agreement, such as "**compulsory licensing**". This enables governments to allow a competitor to produce a patented product or use a patented process without the permission of the patent holder, under certain conditions aimed at safeguarding the legitimate interests of the patent holder, including a right to be paid for the authorized copies of the products. **Parallel importing** is also possible. This is where a product sold by the patent owner more cheaply in one country is imported into another without the patent holder's permission. Countries' laws differ on whether they allow parallel imports. The TRIPS Agreement states that governments cannot bring legal disputes to the WTO on this issue; the Doha declaration on TRIPS and public health clarified that this means countries are free to set up their rules and procedures dealing with parallel imports.

porting. And they agreed to extend exemptions on pharmaceutical patent protection for least-developed countries until 2016. (The TRIPS Council completed the legal drafting task on this in mid-2002.)

On one remaining question, they assigned further work to the TRIPS Council — to sort out how to provide extra flexibility, so that countries unable to produce pharmaceuticals domestically can import patented drugs made under compulsory licensing. (This is sometimes called the “Paragraph 6” issue, because it comes under that paragraph in the separate Doha declaration on TRIPS and health.)

The issue arises because Article 31(f) of the TRIPS Agreement says products made under compulsory licensing must be “predominantly for the supply of the domestic market”. This applies directly to countries that **can** manufacture drugs — it limits the amount they can export when the drug is made under compulsory licence. And it has an indirect impact on countries **unable** to make medicines — they might want to import generics made in countries under compulsory licence, but find that Article 31(f) poses an obstacle to other countries supplying them.

The TRIPS Council was instructed to find a solution and report to the General Council on this by the end of 2002. However it was not until 30 August 2003, shor te]TJ-6.886(at)5.61(o)9.p( ch5)5(nd )7cted toan Conf4( 20e.6(. )r dru)

## **Geographical indications in general**

### **Geographical indications 1: the multilateral register for wines and spirits**

This negotiation is the only issue to take place in dedicated “special sessions” (i.e. negotiating sessions) of the TRIPS Council. It is about creating a multilateral system for notifying and registering geographical indications for wines and spirits. These are given a level of protection that is higher than for other geographical indications.

The work began in 1997 under Article 23.4 of the TRIPS Agreement and now also comes under the Doha Agenda (the Doha Declaration’s paragraph 18).

#### **The Doha mandate**

The Doha Declaration’s deadline for completing the negotiations was the Fifth Ministerial Conference in Cancún in 2003. Since this was not achieved, the negotiations are now taking place within the overall

## **Geographical indications 2: extending the “higher level of protection” beyond wines and spirits**

Geographical indications for **all** products are currently covered by Article 22 of the TRIPS Agreement. The issue here is whether to expand the **higher** level of protection (Article 23) — currently given to wines and spirits — to other products.

Some countries have said that progress in this aspect of geographical indications would make it easier for them to agree to a significant deal in agriculture. Others reject the view that the Doha Declaration makes this part of the balance of the negotiations. At the same time, the European Union has also proposed negotiating the protection of specific names of specific agricultural products as part of the agriculture negotiations.

### **The Doha mandate**

The Doha Declaration notes in its paragraph 18 that the TRIPS Council will handle work on extension under the declaration's paragraph 12 (which deals with implementation issues). Paragraph 12 says “negotiations on outstanding implementation issues shall be an integral part” of the Doha work programme, and that these issues “shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee [TNC] ... by the end of 2002 for appropriate action.”

Delegations interpret Paragraph 12 differently. Many developing and European countries argue that the so-called outstanding implementation issues are already part of the negotiation and its package of results (the “single undertaking”). Others argue that these issues can only become negotiating subjects if the Trade Negotiations Committee decides to include them in the talks — and so far it has not done so.

### **Since then ...**

At first they continued in the TRIPS Council. More recently, they have been the subject of informal consultations now chaired by WTO deputy director-general Rufus Yerxa. Members remain deeply divided, with no agreement in sight, although they are ready to continue discussing the issue.

Those advocating extension include Bulgaria, the EU, Guinea, India, Jamaica, Kenya, Madagascar, Mauritius, Morocco, Pakistan, Romania, Sri Lanka, Switzerland, Thailand, Tunisia and Turkey. They see the higher level of protection as a way to improve marketing their products by differentiating them more effectively from their competitors. The latest EU proposal calls

## **Patents and plants, animals, biodiversity and traditional knowledge**

*THIS GROUP OF ISSUES ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > intellectual property (scroll down to "specific trips issues") > article 27.3(b), etc*

## TRADE FACILITATION

# Cutting red tape at the border

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > goods > trade facilitation*

*DOHA DECLARATION: Paragraph 27*

Making trade flow more easily, without the hindrance of bureaucratic procedures — trade facilitation — brings the WTO right to the customs' gate.

### The problem

Traders from both developing and developed countries have long pointed to the vast amount of red tape that still exists in moving goods across borders. Documentation requirements often lack transparency and are vastly duplicative in many places, a problem often compounded by a lack of cooperation between traders and official agencies. Despite advances in information technology, automatic data submission is still not commonplace.

UNCTAD estimates that the average customs transaction involves 20–30 different parties, 40 documents, 200 data elements (30 of which are repeated at least 30 times) and the re-keying of 60–70% of all data at least once. With the lowering of tariffs across the globe, the cost of complying with customs formalities has been reported to exceed in many instances the cost of duties to be paid. In the modern business environment of just-in-time production and delivery, traders need fast and predictable release of goods. An APEC study estimated that trade facilitation programmes would generate gains of about 0.26% of real GDP to APEC, almost double the expected gains from tariff liberalization, and that the savings in import prices would be between 1–2% of import prices for developing countries in the region.

Analysts point out that the reason why many small and medium size enterprises — which as a whole account in many economies for up to 60% of GDP creation — are not active players in international trade, has more to do with red tape rather than tariff barriers. The administrative barriers for enterprises that do not regularly ship large quantities are often simply too high to make foreign markets appear attractive.

For developing-country economies, inefficiencies in areas such as customs and transport can be roadblocks to the integration into the global economy and may severely impair export competitiveness or inflow of foreign direct investment. This is one of the reasons why developing-country exporters are increasingly interested in removing administrative barriers, particularly in other developing countries, which today account for 40% of their trade in manufactured goods.

### WTO provisions

The WTO has always dealt with issues related to the facilitation of trade, and WTO rules include a variety of provisions that aim to enhance transparency and set minimum procedural standards. Among them are GATT Articles 5, 8 and 10 — which deal with freedom of transit for goods, fees and formalities connected

## **The mandate and the negotiations**

As a separate topic, trade facilitation is a relatively new issue for the WTO. It was added to the organization's agenda only about seven years ago, when the Singapore Ministerial Conference in December 1996 directed the Goods Council "to undertake exploratory and analytical work ... on the simplification of trade procedures in order to assess the scope for WTO rules in this area". (Because the mandate came from the Singapore meeting, trade facilitation is sometimes described as one of four "Singapore issues".)

At the Fourth Ministerial Conference in Doha, in November 2001, Ministers agreed that negotiations on trade facilitation would take place after the Fifth Ministerial Conference in Cancún. This mandate was renewed on 1 August 2004 when the General Council decided by explicit consensus to commence negotiations on the basis of modalities agreed by Members. These modalities established the basis for the work plan adopted at the first meeting of the Negotiating Group on 15 November 2004 under the chairmanship of ambassador Muhamad Noor Yacob, of Malaysia.

According to paragraph 1 of the Modalities, the negotiations shall aim to clarify and improve relevant aspects of Articles 5 (Freedom of Transit), Article



**RULES: AD, SCM INCLUDING FISHERIES SUBSIDIES**  
**Negotiations to clarify and OnoE**

A number of members believe that the existing Anti-Dumping Agreement should be improved to counter what th

The Group has also discussed special and differential treatment for developing countries. Brazil has tabled a proposal for differentiated disciplines and transition rules on fisheries subsidies of developing countries. In addition, a number of small coastal states (Antigua and Barbuda, Barbados, Dominican

Republic, Fiji, Grenada, Guyana, Jamaica, Papua New Guinea, St. Kitts and Nevis, St. Lucia, Solomon Islands,

**RULES: REGIONAL AGREEMENTS**

**Building blocks or stumbling blocs?**

GATT. Of these, 128 agreements notified under GATT Article 24, 21 agreements under the Enabling Clause and 31 under GATS Article 5 are still in force today. The committee has currently under examination more than 150 agreements.

The Regional Trade Agreements Committee has developed procedures to examine the agreements, including compiling information. These procedures are

cedures under the existing WTO provisions applying to regional trade agreements. The negotiations shall take into account the developmental aspects of regional trade agreements”.

### **Since then: the Rules Negotiating Group**

While the Regional Trade Agreements Committee has continued its examination of specific agreements,

## DISPUTE SETTLEMENT

# Force of argument, not argument of force

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > dispute settlement > negotiations*

*DOHA DECLARATION: Paragraph 30*

### Background

The WTO's "**Understanding on Rules and Procedures Governing the Settlement of Disputes**" (**Dispute Settlement Understanding** or **DSU**) contains detailed steps and timetable for resolving disputes between member governments. It was negotiated during the Uruguay Round, and is a legally-binding agreement committing member governments to settle their disputes in an orderly and multilateral fashion. It is the first such system for settling trade disputes between governments. When the Uruguay Round ended in April 1994 at the Marrakesh Ministerial Conference, ministers agreed that their governments would complete a full review of this new system by January 1999, and to decide whether to continue, modify or terminate it. During the review several members proposed possible improvements and ca4i745)

treatment of developing and least-developed countries.

The issue on which there is, perhaps, the most widespread support for change is the procedural issue of “**sequencing**”. The issue arises from a lack of clarity in the Dispute Settlement Understanding’s text as to the order in which two phases of the procedure should occur when a member believes that another has failed to comply fully with the final rulings.

Conversely, the issue on which members are, perhaps, the most strongly divided is external transparency — what kind of access the public might have to panel proceedings or their input into the procedure by means of *amicus curiae* briefs (see explanation below).



- Article 22.2 states that if the defending country fails to implement, the complaining country can ask the Dispute Settlement Body to authorize it to retaliate. Article 22.6 states that, **within 30 days** from the end of the reasonable period of time for implementation, the Dispute Settlement Body authorizes the complaining country to retaliate.

So, there are two key steps with their own time-periods: **90 days for a panel to examine whether a ruling has been implemented**; and **30 days for Dispute Settlement Body to authorize retaliation**. The wording of the Dispute Settlement Understanding does not specify whether these steps have to come one after the other. Hence, according to the current wording of the agreement, it seems that the 30-day period for the Dispute Settlement Body to authorize retaliation runs out **before** the panel has examined whether the defending country has implemented or not.

**Post-retaliation:** The issue arises from the fact that the DSU does not provide any specific procedure for the removal of an authorization to retaliate, once the member concerned has complied, or claims to have complied, with the rulings.

**Composition of panels:** The DSU currently provides for disputes to be examined by panelists selected on an *ad hoc* basis for each case, in consultation with the parties. T6.5(h)a15.9(a8( bea)3.8( a).4 )7.4(Si)14.4()6.4el onteSiose  
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specify any other elements or time-periods for determining compliance. However, normal procedures

## **TRADE AND ENVIRONMENT**

# **The "win-win" potential for trade and environment**

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > environment > negotiations*

*DOHA DECLARATION: Paragraphs 31–33*

At Doha, members agreed to launch negotiations on the liberalization of trade in environmental goods

tional borders, and the Convention on International Trade in Endangered Species (CITES) are other mul-

## **SMALL ECONOMIES**

### **Trade challenges for small economies**

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 35*

Many small economies face specific challenges in their participation in world trade, for example they lack economies of scale, have limited natural and human

## **TRADE, DEBT AND FINANCE**

# **WTO's contribution to solving debt and financial crises**

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 36*

The Working Group on Trade, Debt and Finance was set up at the Fourth Ministerial Conference in Doha in November 2001. Bearing in mind the financial crisis in Asia and the heavy debt burden borne by many

## TRADE AND TECHNOLOGY TRANSFER

### Exporting knowledge

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 37*

#### The Doha Declaration

A number of provisions in the WTO agreements refer to the need for technology transfer to take place between developed and developing countries. But it is not clear how this takes place in practice and if specific measures might be taken within the WTO to encourage such flows of technology.

WTO ministers decided in Doha to establish a working group to examine the issue, and also any possible recommendations on steps that might be taken within the WTO to increase flows of technology. The working group reports to the General Council.

The working group has examined a number of studies by the Secretariat and by other institutions such as UNCTAD, and also proposals from the members. In addition, members share successful policies and strategies that facilitated the transfer of technology.

#### Since then ...

A group of developing countries has suggested focusing on WTO provisions related to technology transfer with a view to making them operational and meaningful, as well as looking at the ones that have the effect of hindering the flows. They also proposed the examination of restrictive practices adopted by multinational enterprises in this sector. A group of countries advocate that it is important to define the issues, measures and channels for technology transfer to move the work forward. However, so far there is no consensus on those matters.

In mid-2005 Cuba presented a list of possible recommendations that should be presented to the General Council, reiterating the importance of the discussions in the Working Group. Some members believe there is still a lot of work before reaching a definition of the linkage between trade and transfer of technology, and therefore it is premature to discuss possible recommendations. Moreover, developed countries have emphasized the danger in coercing the private sector into giving away its technology. Developed countries believe that this would reduce the appeal for foreign direct investment.









developed countries join the WTO more quickly and easily. The decision says WTO members will restrain in seeking concessions and commitments from LDCs negotiating membership. It also says they will be given the transition periods and transitional arrangements foreseen for least-developed countries that were members since the WTO creation.

Since then, two LDCs have successfully concluded their negotiations to become members of the WTO:

delegations and, for some, the lack of a mission in Geneva.

To increase the number of WTO experts in those countries, the WTO Institute for Training and Technical Cooperation has stepped up its activities. They include: national and regional seminars, technical missions, workshops, conferences and symposiums. In 2004, least-developed countries have been involved in a total of 204 activities, which represented 40 per cent of all technical assistance activities. More specifically, in 2004, 13 national activities in LDCs covered one of the four areas referred to in the July package.

For non-residents — delegations which do not have an office in Geneva — “Geneva Weeks” are organized. Least-developed countries’ representatives in other European cities and officials from the capitals are invited to Geneva for a briefing on the state of play of work in the WTO. Non-residents are also kept up to date through briefing notes from the Secretariat. There are 22 WTO members and 9 observers who are not represented permanently in Geneva, 14 of them least-developed countries.

## **SPECIAL AND DIFFERENTIAL TREATMENT** **Stronger support for development**

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 44*

The WTO agreements contain special provisions which give developing countries special rights and allow

- **category two:** 38 proposals which had been made in areas that were under negotiations as part of the Doha Development Agenda, or being otherwise considered in other WTO bodies and which were likely to get a better response within the framework of the negotiations or at the technical level. The Chairman sent the proposals in this group to the concerned bodies and asked them to address them as part of their on-going work.
- **category three:** 12 proposals on which members had wide divergences of views. They were set aside.

By the eve of the Fifth Ministerial Conference, in September 2003 in Cancún, Mexico, members could agree on 28 proposals. They remained as "agreed in principle" while work resumed in the Committee on Trade and Development.

### The "July Package"

By early 2004 members were divided on the way forward. Some wanted to continue to examine proposals. Others wanted to concentrate on cross-cutting issues such as the establishment of a monitoring mechanism on the implementation, objectives and principles of S&D, and the special needs of particular groups of countries. In addition, members had different views whether or not the 28 proposals agreed in principle should be adopted.

As part of the overall negotiations, members approved, on 1 August 2004, a package of framework and other agreements. The package, known as the "July Package", set a new deadline: July 2005.

### The situation as it stands

Members found it difficult to resume work on S&D after the 2004 July Package was agreed. There were still important divergences of view on the way forward. Finally, in early April 2005, the chairman found a compromise: members would resume work on five LDCs' proposals. They include: greater flexibility for LDCs to take up commitments consistent with their level of economic development; improved access for LDCs to temporary waivers regarding one or more of their obligations; duty-free and quota-free market access for goods originating from LDCs; and greater flexibility to use trade-related investment measures as a development tool

Although progress was made on the five proposals, the Chairman announced on 29 July 2005 that he was unable to make specific recommendations to the General Council. The situation was the same at the time of printing.

## IMPLEMENTATION ISSUES

### Progress made but some difficult issues remain

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > Doha agenda > implementation decision explained*

*DOHA DECLARATION: Paragraph 12*

Concerns related to the issue of implementation of existing WTO agreements have been expressed by some developing countries for many years.

The issue is complex and not easily definable. The implementation issues before Member Governments run across the spectrum of the WTO agreements, covering 23 specific issues such as market access, balance of payments, trade-related investment measures, trade-related intellectual property, customs valuation, safeguards, agriculture and services.

Developing countries' difficulties in implementing WTO accords are also rooted in a series of different factors, as well. In some cases, developing countries have raised implementation issues as a means of addressing perceived inadequacies and inequities in the WTO agreements, including the timeframes in which developing countries were to have implemented the accords into national laws, regulations and practices. In other areas, implementation problems are linked to severe financial and institution capacity constraints which prevent developing country governments from adapting regulations, laws and practices so that they are in compliance with WTO rules. In other instances, the problems involve political sensitivities at home that have hindered implementation of the rules agreed as part of the Uruguay Round agreement that established the WTO.

Those countries which have taken a more cautious approach on implementation-related concerns argue that significant adaptation of the rules cannot be undertaken without mandated negotiations.

Ministers meeting in Singapore for the 1<sup>st</sup> WTO Ministerial Conference in 1996 noted "Implementation thus far has been generally satisfactory, although some Members have expressed dissatisfaction with certain aspects. It is clear that further effort in this area is required, as indicated by the relevant WTO bodies in their reports."

At the WTO's second Ministerial Conference held in Geneva in 1998, a significant number of governments raised the matter and since that meeting the issue has regularly been on the agenda of the General Council and its subsidiary bodies.

Prior to the Seattle Ministerial Conference in 1999, implementation was a very important issue on the negotiating agenda for some developing countries. Disagreement between developed and developing country governments on negotiating these issues was among the principal reasons behind the failure of the Seattle conference. Negotiators have worked hard on this matter since then and have made considerable progress in dealing with the issue.

After the Seattle meeting, there was wide recognition among WTO member governments of the need to address the issue and delegations agreed in 2000 to establish dedicated sessions of the General Council to deal specifically with implementation related issues.





his work on the outstanding issues, including the extension of geographical indications, and to report in July 2005 on the progress. The August 2004 agreement also said that the General Council should take "appropriate action" in July 2005.

A year later, in his final General Council as Director-General, Dr. Supachai said the progress in resolving these issues was insufficient and that some of the problems appeared "intractable." He explained that linking all outstanding implementation issues together made it very difficult to settle any of them. The political differences and entrenched positions regarding the extension of geographical indications were particularly difficult to overcome, he said.

Shortly after his arrival as Director-General on 1 September 2005, Pascal Lamy announced his intention to take on the consultative process on the outstanding implementation issues. In his capacity as Director-General, Mr. Lamy announced at the 19 October General Council that he would call on chairs from relevant WTO bodies to continue with their consultations on these matters. He said two of his Deputies Director-General, Valentine Rugwabiza and Rufus Yerxa, will take up specific implementation tasks. Ms.

## ELECTRONIC COMMERCE Work continues on issues needing clarification

*ON THE WEBSITE:*

[www.wto.org](http://www.wto.org) > trade topics > electronic commerce

*DOHA DECLARATION: Paragraph 34*

The growing importance of electronic commerce in global trade led WTO Members to adopt a Declaration on global electronic commerce on 20 May 1998 at the Second Ministerial Conference in Geneva.. The Declaration directed the WTO General Council to establish a work programme to examine all trade-related issues arising from electronic commerce. The 1998 Declaration also included a so-called moratorium stating that

“Members will continue to refrain from introducing measures that would create trade barriers in electronic commerce, as well as to extend the moratorium on customs duties on electronic transmissions, until such time as the moratorium can be extended to cover all electronic transmissions.”

The moratorium on customs duties on electronic transmissions is a key element of the Doha Declaration. It is important to note that the moratorium applies to electronic transmissions, not to electronic commerce as a whole. The moratorium also applies to all WTO Members, not just to those that have signed the Doha Declaration. The moratorium is a temporary measure, and it is expected that it will be extended to cover all electronic transmissions in the future.

is that WTO provisions in these can

be applied to electronic transmissions. The moratorium on customs duties on electronic transmissions is a key element of the Doha Declaration. It is important to note that the moratorium applies to electronic transmissions, not to electronic commerce as a whole. The moratorium also applies to all WTO Members, not just to those that have signed the Doha Declaration. The moratorium is a temporary measure, and it is expected that it will be extended to cover all electronic transmissions in the future.





## Some current accessions negotiations

Of the countries applying to join the WTO, these have been more active in their negotiations in the last few months, are close to an agreement, or have aroused more public interest:

### Algeria

Algeria's working party was established on 17 June 1987 and met for the first time in April 1998. Topics under discussion in the working party include: agriculture, the customs system, state trading, transparency and legal reform, and intellectual property. Algeria has made offers on market access in goods and services and the discussion on terms of entry is underway. The 9<sup>th</sup> meeting of the working party took place in October 2005.

### Russian Federation

Russia's working party was established on 16 June 1993. Bilateral market-access negotiations on goods and services have started. In the working party, topics under discussion include: agriculture, the customs system (and customs union and other trade arrangements with CIS states), excise taxation and national treatment, import licensing, industrial subsidies, national treatment, sanitary/phytosanitary measures and technical barriers to trade, trade-related investment measures, intellectual property, and services. Discussion is continuing on a third draft of the working party's report.

Russia is the biggest economy outside the WTO and the accession negotiations are intense and detailed. One of the most important aspects of this negotiation is a wide ranging programme of legislative reforms, which the Russian Parliament plans to complete this year. This set of new or amended laws includes a Customs Code, intellectual property protection, regulation of foreign trade activity, foreign currency regulations and many more. The aim is to create a modern, market oriented and predictable legal environment in tune with WTO agreements and principles and Russia's plans for economic reform.

The 29<sup>th</sup> meeting of the working party was held on October 2005, with additional bilateral meetings held throughout the year. Many of these bilateral meetings involve Russia negotiating market access agreements for goods and services with its trading partners. Other "plurilateral" meetings have focused on dealing in more detail with some contentious issues in the negotiation such as agriculture, sanitary/phytosanitary measures and technical barriers to trade, intellectual property, and services. The working party is also drafting the report of the negotiations and the protocol of accession.

### Ukraine

Ukraine's working party was established on 17 December 1994. Topics under discussion include: agriculture, the customs system, excise and value added tax, import licensing and other non-tariff measures, industrial subsidies, national treatment, services, state trading enterprises, transparency and legal reform, and intellectual property. Bilateral market-access negotiations are continuing on the basis of revised offers in goods and services. Work is underway on the draft report of the working party which specifies members' concerns and Ukraine's commitments. The last meeting was in mid-November 2005.

### Viet Nam

Viet Nam's working party was established on 31 January 1995. The draft Wo6.7(r 5. The dr)-8.ar1 Tw[dsd in scn -4.1(3(i)1.6(sa

## **WTO members**

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > the WTO > membership > members and observers*

**149** governments, as of 11 December 2005, with date of membership (“**g**” = the 51 original GATT mem-

**BANANAS****Discussions continue on a long-standing issue**

In February 1996, Ecuador, Guatemala, Honduras, Mexico and the United States filed a legal complaint against the European Union's banana import regime, which had been in force since July 1993, claiming that it unfairly restricted the entry of their bananas to the EU. In September 1997, the WTO ruled that the EU's banana import regime was inconsistent with WTO rules for the following reasons:

- the EU's tariff quota allocation, particularly to the ACP (African, Caribbean, Pacific) countries, was contrary to the non-discrimination rule (Article 13 of the GATT - General Agreement on Tariffs & Trade);
-

consultations, but they were unable to reach a mutually-satisfactory solution. On 26 September 2005, the EU requested a second arbitration. The EU stated that, with the exception of a proposal for a zero tariff, the EU had not been presented with an alternative figure to its proposed tariff, and that there was no basis for seeking a mutually-satisfactory solution in the absence of a counter proposal from the other parties. Hence, the EU requested an arbitration to determine, within 30 days, whether the new EU proposal "has rectified the matter".

On 27 October 2005, the second arbitration report was issued. It determined that the EU's proposed rectification, consisting of a new MFN tariff of € 187 per tonne and a 775,000 ton tariff quota on imports of bananas of ACP origin, would not result in "at least maintaining total market access for MFN banana suppliers". The arbitrator, therefore, concluded that the EU had failed to rectify the matter.





**Leading exporters and importers of textiles, 2004**  
(Billion dollars and percentage)

	Value	Share in world exports/imports				Annual percentage change			
	2004	1980	1990	2000	2004	2000-04	2002	2003	2004
<b>Exporters</b>									
European Union (25)	71.29	-	-	36.5	36.6	6	3	14	10
extra-EU (25) exports	24.31	-	-	11.2	12.5	9	5	15	15
China a, b	33.43	4.6	6.9	10.4	17.2	20	22	31	24
Hong Kong, China	14.30	-	-	-	-	2	2	5	9
domestic exports	0.68	1.7	2.1	0.8	0.4	-13	-7	-23	-10
re-exports	13.61	-	-	-	-	3	3	8	10
United States	11.99	6.8	4.8	7.1	6.2	2	2	2	10.6(9)

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**Textile exports of selected economies, 1990-04**  
**(Million dollars and percentage)**

	Value					Share in economy's total merchandise exports	
	1990	2000	2002	2003	2004	2000	2004 a
World	104354 d	154571	154304	172470	194732	2.5	2.2
Argentina	158	257	190	154	198	1.0	0.6
Australia	152	347	283	309	328	0.6	0.3
Bangladesh	343	355	443	476	388	5.6	4.8
Belarus	-	410	381	449	514	5.6	3.7
Brazil	769	897	841	1106	1244	1.6	1.3
Bulgaria		119	180	243	310	2.5	3.1
Canada	687	2204	2181	2264	2431	0.8	0.8
Chile	33	114	83	87	109	0.6	0.3
China b	7219	16135	20562	26900	33428	6.5	5.6
Colombia c	133	268	205	228	240	2.1	1.5
Croatia	-	87	82	111	118	2.0	1.5
Egypt c	554	323	251	278	298	6.9	3.9
El Salvador b, c	38	79	70	72	77	2.7	2.3
European Union (25)	-	56456	57040	64907	71287	2.3	1.9

**Textile imports of selected economies, 1990-04  
(Million dollars and percentage)**

Value					Share in economy's total merchandise imports	
1990	2000	2002	2003	2004	2000	2004 a

**Leading exporters and importers of clothing, 2004  
(Billion dollars and percentage)**

	Value	Share in world exports/imports				Annual percentage change			
	2004	1980	1990	2000	2004	2000-04	2002	2003	2004
<b>Exporters</b>									
European Union (25)	74.92	-	-	27.0	29.0	9	6	18	9
extra-EU (25) exports	19.13	-	-	6.9	7.4	9	4	13	11
China a	61.86	4.0	8.9	18.3	24.0	14	13	26	19
Hong Kong, China	25.10	-	-	-	-	1	-4	3	8
domestic exports	8.14	11.5	8.6	5.0	3.2	-5	-10	-2	-1
re-exports	16.96	-	-	-	-	4	-1	6	13
Turkey	11.19	0.3	3.1	3.3	4.3	14	21	24	12
Mexico a, b	7.20	0.0	0.5	4.4	2.8	-4	-3	-5	-2
India c	6.62	1.7	2.3	3.1	2.8	7	10	10	...
United States	5.06	3.1	2.4	4.4	2.0	-12	-14	-8	-9
Romania	4.72	...	0.3	1.2	1.8	19	17	25	16
Indonesia	4.45	0.2	1.5	2.4	1.7	-2	-13	4	8
Bangladesh	4.44	0.0	0.6	2.0	1.7	3	-7	13	0
Thailand b	4.05	0.7	2.6	1.9	1.6	1	0	1	12
Viet Nam b	3.98	...	...	0.9	1.5	22	41	35	12
Korea, Republic of	3.39	7.3	7.3	2.5	1.3	-9	-8	-8	-7
Tunisia	3.27	0.8	1.0	1.1	1.3	10	4	1	20
Pakistan	3.03	0.3	0.9	1.1	1.2	9	4	22	12
Above 15	206.32	-	-	78.6	80.3				

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**Clothing exports of selected economies, 1990-04**  
(Million dollars and percentage)

	Value					Share in economy's total merchandise exports	
	1990	2000	2002	2003	2004	2000	2004 a
World	108129	d 197413	203038	232488	258097	3.1	2.9
Albania	...	97	120	153	196	37.1	32.9
Bahrain	21	261	375	206	177	4.2	2.4
Bangladesh	643	3907	3947	4461	4442	61.2	54.5
Belarus	-	262	292	341	401	3.6	2.9
Brazil	247	282	221	296	350	0.5	0.4
Brunei Darussalam	10	...	207	218	...	...	5.3
Bulgaria	...	701	1092	1500	1753	14.5	17.7
Cambodia	...	970	1313	1600	1981	69.8	70.8
Canada	328	2077	1989	1966	1995	0.8	0.6
China b	9669	36071	41302	52061	61856	14.5	10.4
Colombia	460	520	523	637	868	4.0	5.4
Costa Rica b, c	54	d 385	397	302	263	6.6	4.2
Croatia	-	469	511	595	631	10.6	7.9
Dominican Republic b, c	782	2868	2366	2278	2262	50.0	39.3
Egypt c	144	243	208	233	284	5.2	3.7
El Salvador b, c	184	1673	1841	1964	2083	56.9	63.2
European Union (25)	-	53273	57958	68455	74921	2.2	2.0
intra-EU (25) exports	-	39729	42785	51249	55793	2.4	2.2
extra-EU (25) exports	-	13544	15173	17206	19128	1.7	1.6
Fiji	80	156	106	135	146	26.7	21.5
FYR Macedonia	-	318	334	409	478	24.1	28.8
Honduras c	64	472	475	510	551	34.5	35.8
Hong Kong, China	15406	24214	22430	23158	25097	11.9	9.5
domestic exports	9266	9935	8338	8202	8138	42.2	40.7
re-exports	6140	14279	14091	14956	16960	8.0	6.9
India	2530	6178	6037	6625	...	13.7	10.5
Indonesia	1646	4734	3945	4105	4454	7.2	6.2
Israel	482	729	549	485	525	2.3	1.4
Iran, Islamic Rep. of	...	125	183	228	...	0.4	0.7
Jordan	11	115	520	683	1017	6.1	25.7
Korea, Republic of	7879	5027	3962	3640	3391	2.9	1.3
Lesotho	...	261	234	290	335	77.7	46.1
Macao, China	1111	1849	1648	1834	1952	72.8	69.4
Malaysia b	1315	2257	2000	2057	2326	2.3	1.8
Mauritius	619	948	949	980	939	60.9	46.9
Mexico b, c	587	8631	7751	7343	7197	5.2	3.8
Moldova	-	76	98	119	157	16.0	15.9
Morocco	722	d 2401	2437	2847	3020	32.3	30.9
Nepal	50	209	...	226	...	26.0	34.1
Pakistan	1014	2144	2228	2710	3026	23.8	22.6
Peru	120	504	530	653	883	7.2	7.0
Philippines b, c	1733	2536	2611	2250	2270	6.4	5.7
Romania	363	2328	3251	4069	4717	22.5	20.1
Russian Federation c	-	460	538	673	535	0.4	0.3
Serbia and Montenegro c	-	130	158	176	...	7.6	6



## **STATISTICS**

# **Facts and Figures**



**World trade and output growth by sector, 2000-2004**

### Merchandise exports and imports of least-developed countries by selected country grouping, 2004 – (Million dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2004	2000-04	2002	2003	2004	2004	2000-04	2002	2003	2004
Least developed countries	61825	14	10	16	34	71233	13	5	22	17
Oil Exporters	29168	18	17	20	52	16945	22	25	27	19
An	13850	15	27	14	46	6500	21	18	46	19
Equatorial Guinea	5190	47	21	33	76	1410	33	-29	142	15
Yemen	4150	0	-1	12	11	4190	16	18	26	14
Sudan	3778	20	15	30	49	4075	27	25	18	41
Chad	2200	86	-2	141	393	770	25	142	-38	-24
Exporters of manufactures	17022	9	5	9	19	23728	7	-6	18	14
Bangladesh	8150	6	1	14	17	12026	8	-5	21	15
Myanmar	2850	15	28	-18	15	2220	-2	-18	-11	6
Cambodia	2798	19	28	10	32	3170	13	11	12	22
Madagascar	990	5	-48	76	16	1230	5	-37	84	11
Nepal	756	-2	-23	17	14	1870	4	-4	24	7
Lesotho	726	35	33	29	51	1400	15	9	38	26
Haiti	391	5	2	24	13	1306	6	12	5	10
Lao People's Dem. Rep.	361	2	-10	20	1	506	-1	-18	12	5
Exporters of commodities	15635	15	7	17	22	30561	14	6	24	19
Zambia	1576	24	-6	2	67	2143	21	-4	24	38
Senegal	1529	14	6	25	15	2710	16	17	18	13
Mozambique	1504	43	-6	58	44	1970	14	19	39	12
Congo Dem. Rep. of	1413	17	14	19	10	1873	16	35	28	33
Zanzania	1338	19	13	39	10	2490	13	-1	30	14
Mali	1123	19	21	5	22	1320	13	-12	31	16
DRC	771	21	20	44	25	1050	17	7	46	21
Guinea	700	1	-3	-14	15	690	3	11	-4	8
Benin	672	14	20	24	21	865	9	23	10	16
Ethiopia	639	7	5	5	27	3080	25	-8	29	44
Uganda	635	8	4	12	19	1491	-1	-29	14	15
Burkina Faso	445	21	10	33	37	1155	17	13	25	25
Malawi	441	4	-9	13	-4	792	10	23	1	13
Afghanistan	420	23	150	40	20	2300	43	50	53	0
Mauritania	410	3	-8	4	22	400	6	-5	1	11
Niger	370	7	3	22	9	560	9	8	23	14
Somalia	310	13	4	-25	39	610	15	1	14	18
Liberia	235	-8	-4	15	-13	900	8	-2	11	32
Maldives	172	12	20	15	13	645	13	0	20	37
Bhutan	165	13	7	18	24	400	23	3	26	61
Sierra Leone	139	81	69	88	51	286	18	45	15	-5
Central African Republic	120	-7	4	-17	-2	150	6	12	9	15
Rwanda	99	17	-24	-3	57	285	8	-12	4	10
Solomon Islands	97	9	23	28	31	100	2	-26	22	22
Guinea-Bissau	81	7	-14	28	17	86	10	-6	19	25

**Leading merchandise exporters and importers in Asia, 2004  
(Billion dollars and percentage)**

Annual percentage change

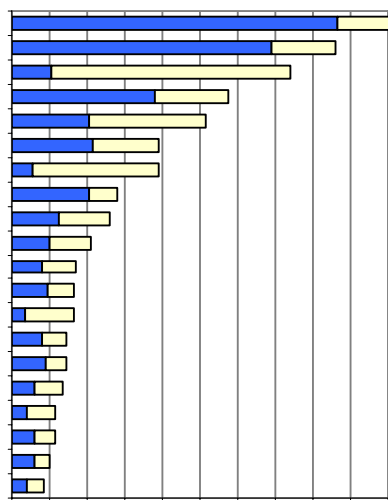
### Leading exporters and importers of commercial services in Asia, 2004 (Billion dollars and percentage)

	Value	Share		Annual percentage change			
	2004	2000	2004	2000-04	2002	2003	2004
<b>Exporters</b>							
Asia	450	100.0	100.0	10	7	9	27
Japan	95	23.8	21.1	7	2	8	25
China	62	9.8	13.8	20	20	18	34
Hong Kong, China	54	12.6	11.9	8	9	6	18
Korea, Republic of	40	9.7	8.9	8	-3	15	27
India	40	...	8.8	...	14	21	...
Singapore	37	9.5	8.1	6	3	2	19
Taipei, Chinese	26	6.5	5.7	6	9	7	11
Australia	25	5.9	5.5	8	7	18	20
Thailand	19	4.5	4.2	8	18	3	21
Malaysia	17	4.5	3.7	5	3	-9	24
New Zealand	8	1.4	1.7	16	18	25	23
Macao, China	8	1.1	1.7	23	19	17	44
Indonesia <sup>a</sup>	7	1.6	1.5	...	22	-21	...
Philippines	4	1.3	0.9	1	-3	9	24
Viet Nam <sup>a</sup>	4	0.9	0.8	...	5	11	...
<b>Importers</b>							
Asia	512	100.0	100.0	8	5	8	25
Japan	134	31.3	26.2	4	0	3	22
China	72	9.7	14.0	19	18	19	31
Korea, Republic of	50	8.9	9.7	11	11	10	25
India	41	...	8.0	...	5	23	...
Singapore	36	7.4	7.1	7	5	-1	23
Taipei, Chinese	30	6.9	5.8	4	2	4	20
Hong Kong, China	30	6.6	5.8	5	4	1	16
Australia	26	4.9	5.0	9	7	19	22
Thailand	23	4.1	4.5	11	14	9	28
Indonesia <sup>a</sup>	21	4.2	4.2	...	8	2	...
Malaysia	19	4.5	3.7	3	-2	7	8
New Zealand	7	1.2	1.3	11	10	18	24
Pakistan	5	...	1.0	...	-5	48	...
Philippines	5	1.7	1.0	-6	-22	19	5
Viet Nam <sup>a</sup>	5	0.9	0.9	...	9	13	...

<sup>a</sup> Includes Secretariat estimates.

Source: WTO, *International Trade Statistics 2005*

**Share of China in selected economies' merchandise exports and imports, 2000 and 2004  
(Percentage share)**



a. 2003 instead of 2004.  
Source: WTO, *International Trade Statistics 2005*

**Share of China in world merchandise exports, 1983-2004**

Source: WTO.

**Merchandise exports of Asia by destination, 2004**  
**(Billion dollars and percentage)**

	Value	Share		Annual percentage change			
	2004	2000	2004	2000-04	2002	2003	2004
World	2388.4	100.0	100.0	10	8	18	25
Intra-Asia	1201.3	48.8	50.3	10	10	20	26
China	269.5	7.4	11.3	22	27	36	30



**Merchandise exports of Asia by product, 2004  
(Billion dollars and percentage)**

Value	Share in ex-ports of Asia	Share in
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## **JARGON BUSTER**

### **Country groupings**

Increasingly, countries are getting together to form groups and alliances in the WTO. In some cases they even speak with one voice using a single spokesman or negotiating team.

This is partly the natural result of economic integration — more customs unions, free trade areas and common markets are being set up around the world. It is also seen as a means for smaller countries to increase their bargaining power in negotiations with their larger trading partners. It also means that a country with a small delegation might increase its participation, if it is part of an alliance with others with similar goals. In addition, countries with diverging interests may get together to narrow differences and help achieve consensus among the whole membership. In this case, sometimes groups are specifically created to compromise and break a deadlock rather than to stick to a common position.

Below are the compositions of some of the most active groupings in the WTO; and also some more for-



**JARGON BUSTER****An informal guide to 'WTOspeak'**

**accounting rate** In telecoms, the charge made by one country's telephone network operator for calls originating in another country.

**ad valorem tariff** A tariff rate charged as percentage of the price.

**Agenda 21** The Agenda for the 21st Century — a declaration from the 1992 Earth Summit (UN Conference on the Environment and Development) held in Rio de Janeiro.

**agricultural product** Defined for the coverage of the WTO's Agriculture Agreement, by the agreement's Annex 1. This excludes, for example, fish and forestry products. It includes various degrees of processing for different commodities.

**anti-dumping duties** GATT's Article 6 allows anti-dumping duties to be imposed on goods that are deemed to be exported below their normal prices, thus causing injury to producers of competing products in the importing country. These duties are equal to the difference between the goods' export price and their normal value, if dumping causes injury.

**Appellate Body**

**carry forward** When an exporting country uses part of the following year's quota during the current year.

**carry over** When an exporting country utilizes the previous year's unused quota.

**CBD** Convention on Biological Diversity. It aims for the equitable sharing of benefits arising out of the utilization of genetic resources, and includes provisions concerning the access to genetic resources and the transfer of relevant technologies.

**circumvention** Getting around commitments in the WTO such as commitments to limit agricultural export subsidies. Includes avoiding quotas and other restrictions by altering the country of origin of a product; measures taken by exporters to evade anti-dumping or countervailing duties.

## **CITES**

**dumping** Occurs when goods are exported at a price less than their normal value, generally meaning they are exported for less than they are sold in the domestic market or third-country markets, or at less than production cost.

**EEP** Export Enhancement Programme — programme of US export subsidies given generally to compete with subsidized agricultural exports from the EU on certain export markets.

**electronic commerce** The production, advertising, sale and distribution of products via telecommunications networks.

**EST** Environmentally-sound technology.

**EST&P** Environmentally-sound technology and products.

**ex ante, ex post** Before and after a measure is applied.

**exhaustion** In intellectual property protection, the principle that once a product has been sold on a market, the intellectual property owner no longer has any rights over it. (A debate among WTO member governments is whether this applies to products put on the market under compulsory licences.) Countries' laws vary as to whether the right continues to be exhausted if the product is imported from one market into another, which affects the owner's rights over trade in the protected product. See also parallel imports.

**export-performance measure** Requirement that a certain quantity of production must be exported.

**FDI** Foreign direct investment.

**food security** Concept which discourages opening the domestic market to foreign agricultural products on the principle that a country must be as self-sufficient as possible for its basic dietary needs.

**Framework** (Sometimes Agreed Framework) Annexes of General Council decision of 1 August 2004 outlining key points of modalities in agriculture and non-agricultural market access.

**free trade area (FTA)** Trade within the group is duty-free but members set their own



**MFN** Most-favoured-nation treatment (GATT Article 1, GATS Article 2 and TRIPS Article 4), the principle of not discriminating between trading partners.

**mixed tariff** A tariff expressed as a conditional combination of an “ad valorem” duty and a “specific” duty, one applying below a limit, the other applying above it.

**modality** A way to proceed. In WTO negotiations, modalities set broad outlines — such as formulas or approaches for tariff reductions — for final commitments.

**modes of delivery** How international trade in services is supplied and consumed. Mode 1: cross border supply; mode 2: consumption abroad; mode 3: foreign commercial presence; and mode 4: movement of natural persons.

**Montreal Protocol** A multilateral environmental agreement dealing with the depletion of the earth’s ozone layer.

**multifunctionality** Idea that agriculture has many functions in addition to producing food and fibre, e.g. environmental protection, landscape preservation, rural employment, food security, etc. *See non-trade concerns.*

**multi-modal** Transportation using more than one mode. In the GATS negotiations, essentially door-to-door services that include international shipping.

**national schedules**





**schedule** In general, a WTO member's list of commitments on market access (bound tariff rates, access to services markets). Goods schedules can include commitments on agricultural subsidies and domestic support. Services commitments include bindings on national treatment. Also: "schedule of concessions", "schedule of specific commitments".

**schedule of concessions** List of bound tariff rates.

**sensitive products** In the agriculture negotiations, all countries will be allowed extra flexibility in market access for these products.

**Singapore issues** Four issues introduced to the WTO agenda at the December 1996 Ministerial Conference in Singapore: **trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation**. Currently only trade facilitation is part of the negotiations.

**SP** Special products: products for which developing countries are to be given extra flexibility in market access for food and livelihood security and rural development. Agreed in the 1 August 2004 agriculture framework.

**specific commitments** See "schedule".

**specific tariff** A tariff rate charged as fixed amount per quantity such as \$100 per ton. See "ad valorem tariff".

**SPS** Sanitary and phytosanitary measures or regulations — implemented by governments to protect human, animal and plant life and health, and to help ensure that food is safe for consumption.

**SSM** Special safeguard mechanism: in the agriculture negotiations, a safeguard that developing countries will be able to use to deal with import surges, price falls or both.

**subsidy** There are two general types of subsidies: export and domestic. An export subsidy is a benefit conferred on a firm by the government that is contingent on exports. A domestic subsidy is a benefit not directly linked to exports. See also "domestic support".

**swing** In textiles and clothing, when an exporting country transfers part of a quota from one product to another restrained product.

**Swiss formula** A kind of "non-linear" tariff reduction formula — i.e. one that has proportionately steeper cuts on higher tariffs — whose coefficient also sets the maximum possible final tariff.

**tariff binding** Commitment not to increase a rate of duty beyond an agreed level. Once a rate of duty is bound, it may not be raised without compensating the affected parties.

**tariff escalation** Higher import duties on semi-processed products than on raw materials, and higher still on finished products. This practice protects domestic processing industries and discourages the development of processing activity in the countries where raw materials originate.

**tariff peaks** Relatively high tariffs, usually on "sensitive" products, amidst generally low tariff levels. For industrialized countries, tariffs of 15% and above are generally recognized as "tariff peaks".

**tariffication**

**TMB** The Textiles Monitoring Body, consisting of a chairman plus 10 members acting in a personal capacity, oversaw the implementation of commitments under the Agreement on Textiles and Clothing.

**TPRB, TPRM** The **Trade Policy Review Body** is the General Council operating under special procedures to review trade policies and practices of individual WTO members under the **Trade Policy Review Mechanism**.

**trade facilitation** Removing obstacles to the movement of goods across borders (e.g. simplification of

## MORE INFORMATION

These briefing notes focus on issues in the Doha Agenda. More background information can be found on the WTO website and in various WTO publications, including:

*10 Benefits of the WTO*

*10 Common Misunderstandings about the WTO*

*The WTO in brief*

*GATS, Fact and Fiction*

*Understanding the WTO*. In booklet and interactive electronic versions. You can obtain this from WTO publications, or browse or download electronic versions from the WTO website <http://www.wto.org>

*Guide to the Uruguay Round Agreements*. By the WTO Secretariat, published jointly by the WTO and Kluwer Law International

Some of these, including these briefing notes, are also available on the CD-ROM included in the press pack.