



WTO OMC

*Newsletter*

Developing countries' merchandise exports in 1999 expanded by 8.5 per cent or about two times faster than the global average. Throughout the 1990s, developing countries' exports rose faster than world trade, with the exception of 1998. In 1999, the share of developing countries was 27.5 per cent for merchandise exports and 23 per cent for commercial services exports, both being more than 4 percentage points higher than in 1990.

Among the least-developed countries, merchandise export growth differed sharply again in 1999. Exporters of manufactured goods like Bangladesh, Cambodia and Haiti expanded their exports faster than world trade. Oil exporters, such as Angola and Yemen, benefited from the oil price hike and increased their exports by more than one third. While, non-fuel commodity exporters, faced with declining commodity prices, tended to record lower export values.

Global commercial services trade accelerated only slightly in 1999, as the recovery in Asia and higher growth in North America were partly offset by lower growth in Western Europe and an import contraction in Latin America and the transition economies.

These are among the findings of the WTO's preliminary report on trade developments in 1999 and the outlook for this year. Other highlights include the following:

..., thereby improving the prospects for higher growth in the current year. The recovery in Asia and continued high demand growth in North America contributed most to global trade expansion last year.

A fall in mining sector output (in particular oil) contrasted with stronger growth in the manufacturing sector (e.g. electronic goods and automobiles). The global output of services industries exceeded commodity output growth. World GDP growth increased from 2 in 1998 to 3 per cent in 1999.

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value growth of all regions in 1999 was recorded in the Middle East and Africa. However, this strong expansion last year did not fully offset the declines recorded in 1998.

, stagnated in Western Europe and Africa and decreased by about 10 per cent in the transition economies and in Latin America (excluding Mexico).

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porters of manufactured goods like Bangladesh, Cambodia, Haiti and Myanmar expanded their exports faster than world trade. Non-fuel commodity exporters faced with declining commodity prices tended to record lower export values.

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### *World trade developments*

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

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



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

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

The value of world merchandise trade rose by 3.5% in

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# WORLD TRADE

(Billion dollars and percentage)

Exporters	Value	Share	Annual percentage change		Importers	Value	Share	Annual percentage change	
			1998	1999				1998	1999
United States	695.0	12.4	-1	2	United States	1059.9	18.0	5	12
Germany	540.5	9.6	6	0	Germany	472.6	8.0	6	0
Japan	419.4	7.5	-8	8	United Kingdom	320.7	5.5	2	2
France	299.0	5.3	5	-2	Japan	310.7	5.3	-17	11
United Kingdom	268.4	4.8	-3	-2	France	286.1	4.9	7	-1
Canada	238.4	4.2	0	11	Canada	220.2	3.7	3	7
Italy	230.8	4.1	1	-5	It				






(Billion dollars and percentage)

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Exporters	Value	Share	Annual percentage	Annual percentage



n their first meet ing on 23–24 March, WTO ag ri cul ture ne go ti a tors reached quick agree ment on the time ta ble for the first phase of ne go ti a tions.

WTO mem bers will sub mit pro pos als set ting out ne go ti at ing ob jec tives by the end of this year—with some flex-

i bil ity al low ing new or more de tailed pro pos als early in 2001—to en able all gov ern ments enough time to ex am ine them and take stock at a meet ing in March 2001.

Del e gates also agreed to con duct tech ni cal work on ag ri cul tural sub si dies and pro tec tion within the frame work of Ar ti cle 20 of the Ag ri cul ture Agree ment (see be low), and to hold ne go ti at ing ses sions in June, Sep tem ber, No vem ber 2000 and pos si bly Jan u ary 2001.

“The meet ing was con struc tive and busi ness like,” said WTO Director-General Mike Moore. “Delegates had clearly done their home work. They’d found out from each other ex actly what could be achieved and spoke al most as one voice. Several said they would have preferred the talks to go faster or to give them more time, or for the talks to be or ga nized dif fer ently, but they did n’t dwell on this and so they reached con sen sus swiftly.

“This is the WTO work ing at its best. The hard bar gain ing still lies ahead, and I’m sure that will be much more dif fi cult. But the good will shown at this meet ing is a good omen for the fu ture,” he said.

“It’s also clear that del e ga tions have not al lowed their dif fer ences over pick ing a chair per son to ob struct the ne go ti a tions,” Mr Moore added.

The new ne go ti a tions on ag ri cul ture have to start this year un der the deal struck at the end of the 1986–94 Uru guay Round of mul ti lat eral trade talks. It is writ ten into Ar ti cle 20 of the WTO Ag ri cul ture Agree ment, part of the Uru guay Round pack age.

WTO mem bers have not yet agreed on a chair per son for the ne go ti a tions, and un der an in terim so lu tion agreed by the WTO Gen eral Coun cil, Am bas sa dor Roger Farrell of New Zea land, the chair per son of the Goods Coun cil, pre sided over the 23–24 March meet ing.

Gen eral Coun cil chair per son Kåre Bryn and his Goods Coun cil coun terpart, Am bas sa dor Farrell, are con tin uing consul ta tions with mem ber gov ern ments on a chair per son for ag ri cul ture. Am bas sa dor

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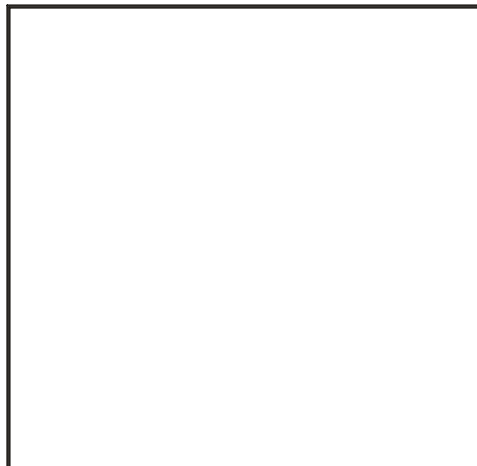
## DISPUTE SETTLEMENT

The Dispute Settlement Body (DSB), on 25 April, referred to the original panel Korea's complaint that the United States had not implemented DSB recommendations regarding its anti-dumping duty on dynamic random access memory semiconductors (DRAMs).

Korea complained that new US standard on revocation

# DISPUTE SETTLEMENT

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Fish and fish products continue to be Iceland's main export accounting for 71% of all exports, according to the WTO Secretariat report. Aluminium exports have increased substantially in recent years, to over 13% of total exports, reflecting the strong foreign direct investment. Iceland's imports are dominated by manufactures, with motor vehicles and other equipment the main items. The report notes that Iceland's balance-of-payment continues

