

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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**OVERVIEW OF DEVELOPMENTS IN INTERNATIONAL TRADE
AND THE TRADING SYSTEM**

1. Part I.F of the CONTRACTING PARTIES' Decision of 12 April 1989 (BISD 36S/403), establishing the TPRM, provides for the Council to undertake an overview of developments in the international trading environment, assisted by an annual report of the Director-General setting out major GATT activities and highlighting significant policy issues affecting the multilateral trading system.
2. The Director-General's Annual Report for the period from mid-April 1993 to November 1994 is contained in this document.¹ Section I summarizes the main developments in the world economy in 1993 and prospects for 1994-95. Major GATT activities and related policy issues affecting the functioning of the trading system are described in Section II. Section III of the Report provides a brief assessment of the results of the Uruguay Round, and the final section describes the challenges that lie ahead in ensuring that the WTO becomes the framework for a truly global trading system.

I. WORLD ECONOMIC DEVELOPMENTS IN 1993 AND PROSPECTS FOR 1994-95²

Trade and output developments in 1993

3. The modest rise in world economic growth in 1993 to 1.5 per cent was mainly due to the acceleration of growth in the United States, which offset a decline in economic activity in the European Union and Japan.³ Among developing regions, economic growth was substantially higher in Asia than in Africa, the Middle East or Latin America, while the steep decline in output for transition economies as a group was not arrested.
4. Sluggish output growth was reflected in trade developments. The growth of merchandise export volume decelerated from 4½ per cent in 1992 to 4 per cent in 1993 (Appendix Table 1). This was mainly due to the decline in Western Europe's import demand, only partly offset by the strengthening of import demand in North America and in Asia (including Japan), and in Central and Eastern Europe and the former USSR. Import volumes of Latin America also expanded sharply, although the 1993 growth rate reflected a marked slowdown from the growth rate recorded the previous year.

¹An earlier submission of the annual report for 1993 was not feasible due to the pressure of work in the final stages of the Uruguay Round and the Marrakesh Ministerial Meeting.

²This section draws heavily on GATT (1994), *International Trade 1994: Trends and Statistics* (forthcoming).

³IMF (1994), *World Economic Outlook: October 1994*.

5. In *value* terms, the slowdown of world merchandise trade in 1993 was even more pronounced.⁴ World trade fell ½ per cent to \$3.6 trillion (Appendix Table 2), mainly due to the sharp decline in trade of Western Europe.⁵ Another major factor behind the slowdown was the sharp decline in prices for fuels and other minerals on world markets, combined with stagnant prices of food, beverages and tobacco (Appendix Table 3). This affected principally the export earnings of countries heavily dependent on primary commodities, with declines in exports of Africa and the Middle East, and their import expenditures correspondingly reduced.

6. The developments in world commodity markets of recent years had a particularly adverse effect on trade of least-developed countries. Partner statistics of the European Union, the United States and Japan - markets which tend to account for the bulk of trade of least-developed countries - confirm that trade of least-developed countries has declined between 1990 and 1993.

7. The recovery of trade in the region composed of Central and Eastern Europe and the former USSR marked an end to the continuous slide since 1989. The most dynamic element in world merchandise trade in 1993 were the expansions in North America, Asia and Latin America, and a significant feature in each region was the dynamism of trade between regional partners.

8. Available data on cross-border trade in commercial services is less comprehensive and less reliable. The Secretariat estimates that the value of world exports of commercial services increased slightly in 1993 to \$1 trillion, a dramatic slowdown in comparison to the growth of 12 per cent achieved in 1992. However, cross-border trade in commercial services continued to grow faster than merchandise trade, as in previous years.

Prospects for 1994 and 1995

9. Bearing in mind the necessarily prospective nature of an assessment of trade and economic developments in 1994, there is considerable evidence that the period of slow growth in world trade and economic activity that began in 1989 has come to an end. Figures for world economic growth are expected to indicate a substantial recovery in 1994, mainly due to the renewal of activity in the European Union and Japan, combined with a continuation of relatively high growth in North America and developing regions, and in particular Asia. After years of dramatic declines in output, market reforms in several Central and East European countries are contributing to a turnaround in economic activity. This otherwise more positive outlook for the world economy is clouded by the severe economic crisis of many of the states of the former USSR and by the stagnant or declining per capita incomes in Africa, home to most of the least-developed countries.

10. The world economic recovery is expected to lead to substantially higher and more broadly-based world trade growth for 1994. Prospects of recovery have lifted prices of primary commodities on world markets in 1994, a development that augurs well for the trade and economic prospects of Africa and the Middle East. Current forecasts for 1995 anticipate a further rise in world economic growth. Beyond 1995, growth prospects will depend crucially on the ability to prevent a resurgence of inflation.

⁴The divergence between the *value* and *volume* indices in 1993 is mainly due to the appreciation of the US dollar - the "valuation effect" - and the sharp decline in prices of fuels and other minerals. The average unit *value* of world exports are estimated to have declined by 4.1 per cent in 1993.

⁵The figures for Western Europe include trade among member states of the European Union (EU). Because of the importance of intra-EU trade in world merchandise trade (25 per cent of the total) and the sharp decline in this trade flow for 1993, world merchandise trade would have appeared to have expanded considerably faster if intra-EU trade was excluded from the analysis.

II. GATT ACTIVITIES

11. This section reviews activities carried out under the General Agreement and related instruments. It does not deal with tasks related to the Uruguay Round negotiations. Unless otherwise noted, the developments detailed in this report cover the period from mid-April 1993 to end-November 1994.

Accessions and observers

12. Angola, Bahrain, Brunei Darussalam, Dominica, Fiji, Grenada, Guinea Bissau, Liechtenstein, St. Kitts and Nevis, St. Vincent and the Grenadines, and the United Arab Emirates succeeded to GATT under the provisions of Article XXVI:5(c) in the period from mid-April 1993 to November 1994.⁶ During the same period, Honduras, Paraguay and Slovenia acceded to GATT. These new members brought to 124 the number of contracting parties to GATT, of which 60 have taken the route of Article XXVI:5(c), and brought to 30 the number of new members since the start of the Uruguay Round.⁷

13. There are eighteen GATT 1947 accession working parties whose proceedings have not concluded: Bulgaria, Algeria, Nepal, Mongolia, Panama, Ecuador, Chinese Taipei, Albania, Russian Federation, Saudi Arabia, Belarus, Armenia, Latvia, Moldova, Ukraine, Jordan, Lithuania and Estonia. The working party on China's status as a contracting party, which held a number of meetings in the period under review, is in its final stages of work. In addition, the working parties established to re-examine the terms of GATT 1947 membership of Hungary, Poland and Romania, respectively, have not concluded their proceedings.

14. Requests for accession underline the greater participation in the multilateral trading system being sought by a number of governments, in particular those in transition to market economies. The process of finalizing their terms of participation in the GATT (and the WTO) having not been completed, this issue will occupy an important position on the agenda of the WTO.

Trade Policy Review Mechanism

15. Sixteen trade policy reviews took place between mid-April 1993 and early December 1994 including third reviews of Canada and the United States, second reviews of Australia, the European Union and Hong Kong, and first reviews of Iceland, India, Indonesia, Kenya, Macau, Malaysia, Peru, Senegal, South Africa, Tunisia, Turkey and Zimbabwe. The 1994 program of Trade Policy Reviews will conclude with the first reviews of Israel and Sweden in December 1994, and in early 1995, with the first reviews of Cameroon, Pakistan and the third review of Japan.

16. Improvements made to the TPRM in 1993 (L/7208) have helped to promote a livelier and more focused discussion, and further improvements made in 1994 (L/7458) aimed to achieve a greater complementarity between the Government and Secretariat reports by proposing that governments submit "policy statements" rather than a parallel full report. An active participation by all members remains an essential feature of the mechanism.

⁶Under the terms of this article, if a customs territory in respect of which a contracting party has accepted the GATT has full autonomy in the conduct of its external commercial relations, it may, upon sponsorship through a declaration by the responsible contracting party, be deemed to be a separate contracting party.

⁷In addition to the countries which joined during the period under review, new members of GATT since the start of the Uruguay Round in September 1986 are: Antigua and Barbuda, Bolivia, Botswana, Costa Rica, El Salvador, Guatemala, Lesotho, Macau, Mali, Morocco, Mozambique, Namibia, Saint Lucia, Swaziland, Tunisia and Venezuela. The Czech Republic and the Slovak Republic joined the GATT on 15 April 1993 on the same terms as applied by the former Czech and Slovak Federal Republic.

17. The 51 reviews carried out since 1989 have made 43 trade policy regimes more transparent, and reveal the evolution in each contracting party's trade regime, as well as the differences between regimes. Reviews of developed countries have highlighted the generally open nature of their trade policy regimes for industrial products; however, protection of agriculture and textiles and clothing, and the growing use of contingency protection imposes high costs on consumers. Reviews of developing and transition economies underline the progress of autonomous trade liberalization and steps to enhance economic efficiency through deregulation, the reduction of the role of the public sector in commercial activities, the liberalization of financial and exchange markets, as well as more open and transparent investment regimes. Common elements to nearly all trade policy regimes include the trend to regional integration agreements and the greater importance of environment-related trade measures.

18. The Trade Policy Review Mechanism has been given a permanent role in the WTO, and the coverage of reviews will be extended to services and intellectual property protection. The 1995 program will include the third review of the European Union (enlarged by Austria, Finland and Sweden), second reviews of Morocco, Norway, Singapore, Switzerland and Thailand, and first reviews of Costa Rica, Cote d'Ivoire, the Czech Republic, the Dominican Republic, Mauritius, the Slovak Republic, Sri Lanka, Uganda and Venezuela.

Committee on Balance-of-Payments Restrictions

19. Countries consulting with the Committee include Bangladesh, Egypt, India, Israel, Nigeria, Pakistan, Philippines, Poland, the Slovak Republic, South Africa, Sri Lanka, Tunisia and Turkey.⁸ Six countries ceased to invoke the provisions of Article XVIII:B in the course of the Uruguay Round: Argentina, Brazil, Colombia, Ghana, the Republic of Korea and Peru. In December 1992, the Czech and Slovak Federal Republic ceased to invoke Article XII.

20. During the period under review, consultations were held by the Committee with the Philippines, Turkey, Nigeria, Israel, South Africa, Tunisia, Poland, the Slovak Republic, Sri Lanka, India and Pakistan.⁹ In most cases, the Committee requested the governments concerned to consider disinvoking the balance-of-payments provisions of the General Agreement or to provide a time-table for the elimination of import restrictions maintained for balance-of-payments reasons. The Committee has taken a stricter approach on notifications, and requested a number of consulting countries to make additional notifications and to include all import restrictions maintained for balance-of-payment reasons at the tariff-line level. Liberalization actions have been notified by several consulting countries: Israel removed the 2 per cent import levy effective as of July 1993, and announced in June 1994 a time-schedule for the elimination of all remaining import restrictions by 1 September 1995; further steps were taken towards liberalization by India, Pakistan, the Philippines, Tunisia and Turkey; and South Africa's import surcharge was reduced.

Safeguard actions taken under Article XIX

21. Ten Article XIX actions were terminated and one new action was taken, leaving 6 outstanding actions at the end of November 1994, down from 15 as of mid-April 1993. The 6 actions in effect as of November 1994 include two actions by the European Communities on dried grapes (in place since 1982) and processed cherries; one action by Germany on hard coal and its products (in place

⁸Pursuant to Article XII or Article XVIII:B of the GATT 1947 and the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes (BISD 26S/205). Israel and South Africa have not specified whether Article XII or Article XVIII:B has been invoked.

⁹Consultations with Tunisia, Sri Lanka, India and Pakistan were held under simplified procedures.

since 1958); one action by Nigeria on cement (in place since 1961); one action by Austria on prepared fowls (in place since 1990); and one action by Canada on boneless beef (in place since June 1993).

Committee on Trade and Development

22. The Committee met twice in 1993 and once in November 1994. The major issues dealt with were the UNCED follow-up, regional trade agreements between developing countries, changes in the Generalized System of Preferences (GSP) and developing countries' participation in the international trading system.

23. With respect to the examination of MERCOSUR (the Southern Common Market Agreement between Argentina, Brazil, Paraguay and Uruguay), the Committee established a Working Party with terms of reference calling for an examination of the agreement in the light of GATT provisions, including Article XXIV. The ASEAN contracting parties informed the Committee of their Common Effective Preferential Scheme. Both in 1993 and in 1994 the Committee reviewed recent developments in the GSP, in particular those related to the extension of GSP benefits to transition economies.

24. The Committee also continued in November 1994 its examination of the participation of developing countries in the trading system. The preliminary discussions centred on the increasing importance of developing countries in world trade, their significant contribution to the success of the Uruguay Round negotiations and their future role in international trade liberalization in the WTO.

Technical assistance and training activities of the Secretariat

25. A substantial expansion of the technical cooperation activities of the GATT Secretariat has taken place during the period under review, related to requests for assistance by GATT members concerning the submission of schedules on goods and services and on the substance of the Uruguay Round Agreements. Technical assistance activities have also concerned the ratification and implementation of the results, as well as the trade policy reviews, of a number of developing countries. Priority attention has been given to least-developed and African countries. In addition, countries requesting accession to the GATT or the WTO have made numerous requests for technical assistance. Between mid-April 1993 and December 1994, over 90 seminars and technical missions on the GATT and the Uruguay Round took place in Africa, Asia and Latin America, including a number of regional and sub-regional seminars. In addition, numerous briefings, seminars or workshops were conducted in Geneva, including two courses on dispute settlement. Requests for technical assistance were received and processed, including information on the trade treatment of products/services of current export interest to developing countries following implementation of the Uruguay Round commitments on goods and services.

26. In the area of training, seven Trade Policy Courses were held in 1993 and 1994, of which four were part of the Secretariat's long-standing training program. Two special courses for officials from Central and Eastern European countries as well as from newly independent States in Central Asia were organized with the financial assistance of Switzerland, and a special course for officials from the Russian Federation and Ukraine was organized for the first time in 1994, at the initiative and with the financial support of the United States. About 170 officials from developing countries and economies in transition have participated in GATT Trade Policy Courses during the last two years.

27. The discussions in the Committee on Trade and Development (see above) have emphasized that the Secretariat's technical cooperation program should be strengthened to better respond to the needs resulting from a greater participation of the developing countries in the multilateral trading system, and from the complexities of implementing the new legal framework. The large number of requests

for seminars and technical missions for 1995 already received will put severe pressure on the Secretariat's resources.

Monitoring regional trading arrangements

28. In the period mid-April 1993 to November 1994, eleven new regional trading arrangements - each involving European countries - were notified to GATT (Annex I covers notifications from April 1989 to end-November 1994). In addition, information was provided on other agreements that were concluded during the period under review. Notifications of regional trading arrangements for the period are summarized below by geographic region. Available information on other existing or new regional arrangements has also been included, for reference.

29. North America. The North American Free-Trade Agreement (NAFTA) was notified to GATT in February 1993. Following the ratification of the agreement by Canada, Mexico and the United States, and its entry into force on 1 January 1994, the Council established a Working Party to examine the Agreement in March 1994. NAFTA and its supplementary agreements cover trade in goods and services, investment, intellectual property rights, and environmental and labour cooperation.

30. Latin America. Following extensive discussions on the modalities for examining the Southern Common Market (MERCOSUR), a Working Party was established in May 1993 under the Committee on Trade and Development. Members of the MERCOSUR agreed on 5 August 1994 to establish a customs union by 1 January 1995.

31. The Council was informed in June that on 13 June 1994, Mexico, Venezuela and Colombia had signed the "Treaty of Free Trade Between the Republic of Colombia, the Republic of Venezuela and the United Mexican States" (G3), concluded in the framework of the Latin American Integration Association (LAIA) as a partial-scope economic complementarity agreement.

32. Bolivia and Mexico informed the Council in October 1994 that the two countries had concluded a Free-Trade Treaty which provides for the establishment of a free-trade area within a period of twelve years.

33. Western Europe. The report of the Fourth ACP-EC Convention, which entered into force on 1 March 1990, was adopted by the Council in October 1994. The Parties to the Convention have requested that the EC be granted a waiver from its obligations under Article I:1 of the General Agreement with respect to Lomé trade preferences. The request for the waiver will be considered by the contracting parties at their December session.

34. The forthcoming enlargement of the EC to include Austria, Finland and Sweden was discussed in the Council. In July 1994, the EC indicated that its enlargement would be notified as soon as ratification procedures were completed. The EC enlargement may require negotiations on tariffs, and the merging of other Uruguay Round commitments undertaken by the EC and the acceding countries.

35. The Council was informed in July 1994 of the signature of free-trade agreements between the EC and Estonia, Latvia and Lithuania, respectively. The Free-Trade Agreement with Estonia would not require a transition period and would fully enter into force as of the date of its implementation. The Free-Trade Agreements with Latvia and Lithuania would enter into force after a transition period of four and six years, respectively.

36. Switzerland notified the conclusion of free trade agreements, provisionally applied since 1 April 1993, with Estonia, Latvia and Lithuania, respectively. The purpose is to gradually to establish a free-trade area between Switzerland and each of the three partners. A Working Party to examine these three Agreements was established by the Council in June 1993.

37. The EFTA Agreements with Poland, Romania, Hungary and Bulgaria, respectively, were notified to GATT between June 1993 and January 1994. Working Parties were established to examine the Agreements. The Working Party examining the EFTA Agreement with the Czech Republic and Slovak Republic continued its work.

38. Central and Eastern Europe. An agreement establishing a customs union between the two new States of the Czech Republic and Slovak Republic was notified to GATT in June 1993, following its entry into force on 1 January 1993. A Working Party concluded that the agreement was in conformity with Article XXIV, and the report was adopted by the Council in October 1994.

39. At its meeting in February 1993, the Council was informed by Poland that the free trade agreement signed 21 December 1992 by the Czech Republic, Hungary, Poland and the Slovak Republic was expected to take effect on 1 March 1993. A Working Party was established in July 1994.

40. The Czech Republic notified the GATT on May 1994 of the signature of a Free-Trade Agreement concluded with Slovenia. The Free Trade Agreement is being applied provisionally since 1 January 1994 and will enter into force definitively when the ratification process has been completed. The Slovak Republic notified the GATT in May 1994 of the signature of a Free-Trade Agreement between the Slovak Republic and the Republic of Slovenia. The Free-Trade Agreement has been applied on a provisional basis from 1 January 1994.

41. Asia. At the September 1993 Council meeting, contracting parties were informed that members of the South Asian Association for Regional Cooperation (SAARC) - Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka - had concluded a trade agreement on 11 April 1993. The SAARC Preferential Trade Arrangement (SAPTA) is a framework agreement and members are expected to enter into negotiations for the exchange of concessions in the future.

42. In November 1994, the Association of South East Asian Nations (ASEAN) notified the Committee on Trade and Development of progress in the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free-Trade Area (AFTA). Realization of AFTA would be accelerated so as to be completed by the year 2003 (instead of 2008).

Trade and environment

43. During the period under review, the Group on Environmental Measures and International Trade (EMIT), met five times in 1993 and held its last meeting in January 1994. A session of the Council in February 1994 was devoted to the UNCED follow-up. The Director-General hosted a public symposium in June 1994 on trade, environment and sustainable development, which contributed to increasing awareness of discussions in GATT on this issue and promoted a dialogue between the trade, development and environment communities pursuant to Chapter 2.22(b) of Agenda 21 of UNCED. At Marrakesh, Ministers decided to draw up a new, comprehensive work program on trade and environment. The first meeting of the General Council of the WTO will formally establish a Committee on Trade and Environment, open to all members of the WTO. Pending this meeting, the work of the

Committee is being carried out by the Sub-Committee on Trade and Environment of the Preparatory Committee of the WTO, which held five formal meetings in 1994.¹⁰

44. These meetings have mainly been devoted to examining three items of the Committee's seven-part work program. The first item is the relationship between the provisions of the multilateral trading system and trade measures used for environmental purposes, including those pursuant to multilateral environmental agreements; delegations began reviewing the merits of *ex ante* and *ex post* approaches to establishing the relationship of these measures to the provisions of the multilateral trading system, and initiated a discussion of the effectiveness and necessity of using trade measures in this context. Another item concerns the relationship between the provisions of the multilateral trading system and: (a) charges and taxes for environmental purposes; (b) requirements for environmental purposes relating to products, including standards and technical regulations, packaging, labelling and recycling; delegations began reviewing the use of environmental taxes in particular in the context of GATT disciplines on border tax adjustment, and extended further their examination of environmental regulations and standards, notably those related to eco-labelling, on the basis of the extensive work that had already been undertaken on this subject by the EMIT Group. The third item concerns the effects of environmental measures on market access, especially for developing and least-developed countries, and the environmental benefits of removing trade restrictions and distortions; delegations have begun to consider areas where expanded market access and trade liberalisation may coincide with better environmental protection and the promotion of sustainable development, and to relate these in particular to the situation of developing countries. The issue of exports of domestically prohibited goods will be taken up early in 1995.

Quantitative restrictions

45. **Multi-Fibre Arrangement (MFA).** Participants in MFA IV agreed in December 1993 to maintain the arrangement in force until 31 December 1994 - the third extension since the Round began in 1986. The MFA currently groups 41 participants plus the European Union. Eight are considered to be "importers"; of these, Austria, Canada, the European Union, Finland, Norway and the United States apply restrictions under the MFA, while Japan and Switzerland do not. The other participants are described as "exporters", and some or most of their exports of products covered by the MFA are subject to bilaterally agreed quantitative restraints or unilaterally imposed restraints on imports.

Table 1
Number of exporters subject to restraint by MFA importers, 1994

Austria	Canada	European Union	Finland	Norway	United States
13	38	20	13	19	42

¹⁰Observer status has been granted to all governments and inter-governmental organizations which are accredited as observers to the Preparatory Committee and to those which had observer status in the EMIT Group.

46. According to the Textiles Surveillance Body (TSB), MFA importers applied a total of 145 bilaterally agreed quantitative restraints or unilaterally imposed restraints on exporters of textiles and clothing as of 14 October 1994 (Table 1).¹¹ MFA "exporters" not applying quantitative restrictions on imports of textiles and clothing included Argentina (except for used clothing), Brazil, Colombia, Costa Rica, Czech Republic, El Salvador, Fiji, Hong Kong, Indonesia, Jamaica, Rep. of Korea, Macau, Mexico (except for used clothing), Panama, Peru (except for used clothing), Philippines, Poland, Romania, Singapore, Slovakia, Sri Lanka, Turkey and Uruguay.¹² MFA "exporters" maintaining quantitative restrictions on imports under GATT provisions are Egypt, Hungary, India, Indonesia and Pakistan. MFA "exporters" maintaining quantitative restrictions on imports of textiles and clothing outside the MFA and GATT include China and Thailand.

47. Biennial self-notifications of (non-MFA) quantitative restrictions. The biennial complete self-notifications of all quantitative restrictions (QRs) were due in 1994 for consideration by the Technical Group on Quantitative Restrictions and Other Non-Tariff Measures. Part of the work program that was established by the 1982 Ministerial Meeting, the Technical Group has not met since April 1989, although work on the documentation regarding quantitative restrictions and other non-tariff measures has continued. Contracting parties have generally notified details of changes in the quantitative restrictions that they maintain as and when these changes occur and made a complete notification of their quantitative restrictions once every two years.¹³ The Sub-Committee on Institutional, Procedural and Legal Matters of the Preparatory Committee for the World Trade Organization (WTO) is considering how this work should continue once the WTO has entered into force.

48. Other measures. Apart from the information noted above, information on other quantitative measures affecting trade is incomplete. With respect to trade in textiles and clothing, these are known to include unnotified restraints applied by MFA "importers" to non-participating exporters (for example, in the context of association or cooperation agreements) or on non-MFA products (for example, silk). In other sectors of trade, a comprehensive listing of measures is also not available.¹⁴

49. One group of measures difficult to categorize in the traditional compilations of quantitative measures affecting imports are voluntary import expansion (VIE) arrangements, either formally agreed by governments or unofficially promoted by governments at the industry level. Unlike restraints on imports, such arrangements are concluded for the purpose of expanding imports. One variant specifies *floor* market shares in the domestic market for a particular group of producers in relation to domestic

¹¹ In this section an "agreement" is defined as a restraint involving an importer and an exporter covering MFA products, irrespective of whether an agreement covers one or several specific products within the product group. See "Report of the Textiles Surveillance Body to the Textiles Committee, Addendum, Status of Restrictions and Arrangements maintained by Participants on 14 October 1994" (COM.TEX/SB/1975/Add.1).

¹²Recent notifications have not been received from Honduras, Guatemala, Dominican Republic, Kenya, Lesotho, Malaysia and Paraguay.

¹³BISD, 31S/222.

¹⁴For the Director-General's Annual Report for 1992-93, an initial inventory of 75 measures affecting industrial products was compiled from TPR reports. This inventory excluded industry-to-industry arrangements, and price undertakings resulting from anti-dumping or countervailing actions. However, information on measures affecting imports proved difficult to obtain or verify through official government sources, and the sample of countries did not include all possible users of such measures. More generally, the lack of full transparency ensured that an unknown number of measures escaped notice, including the monitoring of imports for "statistical" purposes, export "forecasts" and "exchanges of letters", which may have effects similar to more formal quantitative restrictions. As a result, the inventory has been discontinued.

sales of the product, and are designed to promote imports only from one specific origin.¹⁵ Other variants may not explicitly specify market shares in the domestic market for a particular group of producers, but, through the terms of the arrangement, may also be designed to promote imports only from one specific origin, potentially displacing third country suppliers.

The Tokyo Round Agreements

50. Anti-Dumping. As of end-October 1994, there were 25 Parties to the Agreement, and Slovenia is expected to join in December 1994. The number of anti-dumping investigations initiated by the Parties to the Agreement rose to 251 cases in 1992-93, the highest level ever recorded, and dropped to 226 cases in 1993-94 (Appendix Table 4).¹⁶

51. In 1992-93 a peak was reached for the number of anti-dumping investigations initiated by the United States (68) and Canada (37), many of which concerned steel and related products, and their initiations dropped sharply in 1993-94. In the past two years, initiations by the European Communities and Brazil have risen sharply, while those of Australia have dropped. For the latest year of data, both the European Communities and the United States initiated the largest number of cases (47 each), followed by Australia (45) and Brazil (30).

52. Complete data on measures in force (definitive duties or price undertakings) are not available for all Parties. For those Parties notifying such data, measures in force in June 1994 were up for the United States (from 279 at end-June 1993 to 306), for Australia (from 61 to 85), for Canada (from 81 to 83), for Mexico (from 26 to 27); and down for the European Communities (from 185 in June 1991 to 157) and for New Zealand (from 24 to 23). Notifications also indicate measures in force of Brazil (18), India (5), Republic of Korea (4), and Japan (2). Two Observers in the Committee, Colombia and Turkey, have also notified measures in force (3 and 27, respectively).

53. From the perspective of exporters, enterprises of the member states of the European Communities continued to be the most frequent subjects of investigation (89 cases in the period covering 1 July 1992 to 30 June 1994), with almost half the cases concerning Germany and France. However, the individual exporter most frequently the subject of investigation was China (58 in 1992-94), followed by the United States (45). Another feature of initiations over the past two years concerns the rising number of investigations of imports from certain economies in transition, in particular Russia and Ukraine. Finally, several developing countries have experienced a frequency of investigation in the past two years that has surpassed the level of the previous seven years (Cote d'Ivoire, India, Malaysia, Indonesia, Pakistan, Sri Lanka and Thailand).

54. Subsidies and Countervailing Measures. As of 28 October 1994, there were 25 signatories to the Agreement.¹⁷ By November 1994, new and full notifications under Article XVI:1 of the General Agreement (due in 1993), had been received from only 17 of the 26 signatories of the Agreement. Brazil, Chile, Hong Kong, New Zealand, Peru, the Philippines and Uruguay notified that they did

¹⁵On 1 August 1991, Japan and the United States concluded an agreement on semiconductors, which provides for a statistical system to measure foreign share of the Japanese semiconductor market. The U.S. industry had an expectation of foreign market share reaching 20 per cent at the end of 1992.

¹⁶Based on notifications made to the Committee covering the period 1 July 1992 to 30 June 1994 by all Parties. Two Observers to the Committee, Colombia and Turkey, have recently notified initiations of 4 and 21 cases, respectively, but these are not included in the totals for the period since data for previous years are not complete. Colombia applies the Agreement provisionally, on an *ad referendum* basis.

¹⁷Poland signed the Agreement in 1991 on an *ad referendum* basis.

not maintain subsidies within the meaning of Article XVI:1. Updating notifications are due in 1994, several of which have been received by the Committee.

55. Notifications made to the Committee for the period 1 July 1992 to 30 June 1994 indicate that the number of countervailing duty investigations initiated rose sharply in 1992-93, from 36 to 62, and then dropped sharply in 1993-94 (Appendix Table 5). This pattern was mainly due to the 42 initiations of the United States in 1992-93, most of which concerned steel and related products. For the most recent period covering 1993-94, three signatories reported an increase in the number of investigations initiated: Brazil (from 1 to 2), Canada (from 0 to 2), and Chile (from 2 to 4). Four signatories reported a decrease: Australia (from 12 to 4), Austria (from 4 to 0), the EEC (from 1 to 0), and the United States (from 42 to 12).

56. Complete data on measures in force (definitive duties or price undertakings) are not available for all signatories. For those signatories notifying such data, measures in force were up for the United States (from 95 to 107) and for Australia (from 11 to 13), but down for Canada (from 8 to 6).

57. From the perspective of exporters, the most frequent subjects of investigation over the period 1985-94 were products imported from the Member states of the European Communities (63), followed by Brazil (23). Apart from the European Communities, a total of 32 contracting parties were the subject of at least one initiation during 1985-94, of which 25 were developing or transition economies.

58. Customs Valuation. As of 25 November 1994, there were 35 Signatories to the Agreement (counting the European Communities as one). Since the last annual review, Morocco, Colombia, Peru and Slovenia have accepted the Agreement.¹⁸ Chinese Taipei was granted observer status in the Committee. Each Signatory is required to notify complete texts of its national legislation on customs valuation and to inform the Committee of any changes in its laws and regulations relevant to the Agreement and in the administration of such laws and regulations. In this regard, during the period under review, the Committee pursued its examination of legislation on customs valuation notified by Argentina, Romania, Mexico and the European Communities.

59. Government Procurement. As of November 1994, there were 12 parties to the Agreement (counting the European Communities as one) presently in force. The Committee adopted a decision enabling the Kingdom of the Netherlands with respect to Aruba to accede to the Agreement presently in force. It is expected that the Kingdom of the Netherlands with respect to Aruba will accede to this Agreement in the first part of 1995.

60. The most important development in the work of the Committee under this Agreement in the period under review was the completion of eight years of negotiations on a new Agreement on Government Procurement pursuant to Article IX:6(b). Austria, Canada, the twelve Member States of the European Communities and the European Commission, Finland, Israel, the Republic of Korea, Japan, Norway, Sweden, Switzerland and the United States signed the new Agreement on Government Procurement in Marrakesh on 14 April 1994.

61. An Interim Committee on Government Procurement has been established to oversee and prepare the entry into force of the new Agreement. It has adopted procedures to allow for accession negotiations prior to the Agreement's entry into force, and such negotiations have been engaged by the governments of Chinese Taipei and of the Kingdom of the Netherlands with respect to Aruba. The Interim Committee is reviewing the use of information technology in government procurement in preparation of the future

¹⁸Please look at individual notifications of acceptance for any rights invoked or reservations raised.

responsibilities of the Committee on Government Procurement under the new Agreement in regard to the provisions of Article XXIV:8. It has also established a working group on statistical reporting.

62. Import Licensing. As of November 1994, there were 30 signatories to the Agreement (counting the European Communities as one). Since the last annual review, the Czech Republic, the Slovak Republic joined the Agreement and Slovenia will become a signatory in December 1994. Chinese Taipei became an observer in the Committee in October 1993. Signatories regularly notify the Committee of changes in their laws and regulations regarding import licensing procedures, and in the administration thereof. Fifteen signatories up-dated such information through replies to the GATT Questionnaire on Import Licensing Procedures.

63. Technical Barriers to Trade. As of 8 November 1994, there were 46 Signatories to the Agreement. In conformity with the provisions of Articles 2 and 7 of the Agreement, 487 notifications were made to the Committee in 1993, compared to 394 notifications in 1992. During the period under review, the Committee discussed the coverage of the provisions of the Agreement with respect to mandatory marking requirements applied in the context of marking the origin of products, and adopted a number of recommendations regarding information contained in the notification form. A number of recommendations were also agreed to ensure that adequate procedures will be in place to allow notifications to be made and processed during the period between entry into force of the WTO Agreement on Technical Barriers to Trade and the first meeting of the WTO Committee on Technical Barriers to Trade.

64. Trade in Civil Aircraft. As of 30 November 1994, there were 22 Signatories to the Agreement. Observer status in the Committee was granted to Chinese Taipei and to China. On 13 December 1993, the Committee heard a report on the work of the Sub-Committee established to conduct negotiations under Article 8.3 of the Agreement (which had met 8 times during the period covered), and considered matters relating to the finalization of the Uruguay Round of trade negotiations. At its meetings on 24 February 1994, 21 October 1994 and 10 November 1994, the Committee considered technical revisions to the 1979 Agreement on Trade in Civil Aircraft in the context of placing it in Annex 4 of the Agreement Establishing the World Trade Organization, and also considered the Decision required by Appendix 1 of the Understanding on Rules and Procedures Governing the Settlement of Disputes annexed to the WTO Agreement.

Dispute settlement under the GATT System¹⁹

65. During the period under review, the GATT Council received 14 requests for consultations; five panels were established (including one resulting from a prior request for consultations); five panel reports were circulated (including two of previously established panels), of which one was adopted.²⁰ One panel established to examine a complaint has not completed its proceedings.

¹⁹Based on "Status of Work in Panels and Implementation of Panel Reports: Report by the Director-General" (C/124, C/136, C/139, C/141, C/148, C/152, C/156, C/160, C/167, C/170, C/172, C/175, C/178, C/180, C/181, C/182, C/183, C/186, C/188 and C/190).

²⁰The GATT Council is still considering for adoption the reports of the panels established to examine: "United States - Restrictions on imports of tuna" (the applicant is Mexico, which has not requested adoption); "EC - Restrictions on imports of apples" (the applicant is Chile, which has not requested adoption); "EC - Member states' import regimes for bananas" and "EC - Import regime for bananas" (the applicants in both cases are Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela); "United States - Restrictions on imports of tuna" (the applicants are the EC and the Netherlands on behalf of the Netherlands Antilles); "United States - Taxes on automobiles" (the applicant is the EC, which has not requested adoption).

66. The Committee established under the Anti-Dumping Agreement undertook conciliation in 12 disputes; one panel was established; one panel report was circulated (of a previously established panel), but has not been adopted; and one panel report was adopted (of a previously established panel).²¹ Two panels established to examine complaints have not completed their proceedings.

67. The Committee established under the Subsidies and Countervailing Measures Agreement undertook conciliation in four disputes; three panels were established, of which one report has been adopted by the Committee, one has not yet submitted its report to the parties, and one has not yet met. Of the panels established earlier, two panel reports were adopted by the Committee in the period 1993-94. Five panel reports remain before the Committee for adoption; of these five panels, four were established in 1988 or earlier.²²

68. A notable feature of recent years is the frequent recourse to dispute settlement procedures, and in particular regarding the application of anti-dumping and countervailing measures (Table 2). The latter development may be related to the increasing frequency of such actions in recent years, combined with differences of opinion regarding the interpretation of obligations of importing governments under the existing rules. Of the 18 panels established since 1989 whose reports have been circulated, less than one-half have been adopted by the relevant body, leaving uncertain the fate of the remaining unadopted reports (as well as those dating from previous periods) upon entry into force of the WTO.

Table 2
Dispute settlement proceedings in the GATT system, 1989-94
(Number of disputes)

	General Agreement	Anti-dumping	Subsidies and Countervailing Measures	Government Procurement
Consultations ¹	50	24	14	3
Panels established	13	4	5	2
Reports circulated	12	3	3	2
Reports adopted	6	1	1	1

¹Includes only formal notifications of requests for consultations by the Secretariat, which are comprehensive only for the General Agreement.

69. Another feature of dispute settlement in recent years is the more active use of the procedures by developing countries (Appendix Table 6), not only for disputes involving major developed country trading partners, but also with other trading partners. Another feature is the dual nature of the participation of many countries in the dispute settlement system: of the 28 participants that have requested consultations on disputes as applicants, 15 have been respondents in other cases. Because

²¹The Committee is still considering for adoption the reports of the panels established to examine: "United States - Anti-dumping duties in the United States on gray portland cement clinker imported from Mexico" (the applicant is Mexico); "United States - Anti-dumping duties on imports of stainless steel plate from Sweden" (the applicant is Sweden); "United States - Anti-dumping duties on stainless seamless pipes and tubes from Sweden" (the applicant is Sweden).

²²"EEC- Subsidies on export of wheat flour" (the applicant is the United States); "EEC- Subsidies on exports of pasta products" (the applicant is the United States); "Canada - Countervailing duty on boneless manufacturing beef" (the applicant is the EEC); "EEC-Exchange rate guarantee scheme for German aircraft industry" (the applicant is the United States); "United States - Countervailing measures against imports of fresh and chilled atlantic salmon" (the applicant is Norway).

a government that is a respondent in one particular dispute may find itself an applicant on another dispute, all participants in the dispute settlement system have an interest in maintaining the credibility of the proceedings.

III. THE URUGUAY ROUND OF NEGOTIATIONS

From the Tokyo Round to Punta del Este

70. The results of the Tokyo Round (1973-79) included a reduction of 33 per cent in the average tariff applied by developed countries, the MTN agreements and Arrangements, and a framework for the conduct of trade (the Enabling Clause and the procedures for notification, consultation and dispute settlement).²³ In particular, the MTN Agreements clarified the use of trade policy instruments permitted by GATT 1947 (anti-dumping and subsidies countervailing measures, customs valuation, import licensing) and extended the rules to trade policies or sectors not originally covered by GATT 1947, but which had acquired a greater importance in the conduct of world trade (technical barriers to trade, government procurement, civil aircraft).

71. In three areas, however, the results of the negotiations fell short of initial expectations:

- Agriculture: a fundamental difference of views between the European Economic Community (EEC) and the United States persisted throughout the negotiations concerning whether the negotiations on agricultural products should aim at the liberalization or stabilization of trade in this sector;
- Safeguard measures: a difference of views between developed and developing countries persisted throughout the negotiations on whether GATT Article XIX should be altered to permit selective safeguard action. This difference of views also had implications for resolving the issues created by restraints on exporters of textiles and clothing under the 1973 Multi-Fibre Arrangement, an acknowledged derogation from GATT rules.
- The "single undertaking": many countries chose not to accept any, and others only some, of the MTN Agreements, while the treatment provided for under those agreements generally was extended to all GATT members through the MFN principle.

72. Subsequent events demonstrated the need for additional efforts to strengthen GATT's ability to serve as a foundation for the conduct of world trade. The onset of recession in 1982 and 1983 in Western Europe and North America highlighted the difficulties governments faced in effectively resisting demands for protection, and the inadequate support the multilateral trading system was providing them in this respect. At the same time as major import markets were undergoing a recessionary contraction of demand and renewed pressures for protection, the onset of the debt crisis and the plunge in commodity prices raised the dependence of developing countries on exports of manufactured products. Here, they found their export potential to be hampered by existing barriers to trade (e.g., the Multi-Fibre Arrangement) and by their vulnerability to new barriers to trade of a similar nature. The proliferation of 'grey-area' measures expanded the scope of managed trade practices beyond textiles and clothing.

73. The inability of the trading system to stem the trend to inward-looking trade policies at the national level became widely recognized as a factor contributing to the depth and gravity of the world recession. On 29 November 1982, the GATT Contracting Parties adopted a Ministerial Declaration (L/5424) in which they recognized "that the multilateral trading system, of which the General Agreement is the legal foundation, is seriously endangered". They "determined to create, through concerted action,

²³For details see GATT (April 1979 and January 1980), *The Tokyo Round of Multilateral Trade Negotiations*.

a renewed consensus in support of the GATT system, so as to restore and reinforce confidence in its capacity to provide a stable and predictable trading environment and respond to new challenges". A standstill and rollback commitment was agreed. A comprehensive work program was established, which was completed by the end of 1983.

74. Although the work program had stimulated interest in a new round of multilateral negotiations, efforts to launch support for a new round did not achieve the necessary breadth until September 1985, when a Preparatory Committee was established with the mandate to develop a program of negotiations. This program was adopted on 20 September 1986 at Punta del Este, Uruguay.

75. The Punta del Este Declaration established a three-part program for the negotiations covering general principles, a commitment regarding standstill and rollback, and negotiating objectives covering trade in goods (Part I) and services (Part II).

The objectives of Punta del Este and the results of the Uruguay Round

76. The negotiations ended on 15 December 1993, and the results - the Final Act - were formally endorsed by governments at Marrakesh on 15 April 1994. These results include the establishment of the World Trade Organization (WTO), and are expected to be ratified by GATT contracting parties to permit the entry into force of the WTO on 1 January 1995.

77. In examining more closely the substance of the results, many standards have been proposed and used to assess whether these negotiations were successful. For example, the GATT Secretariat has estimated that the contribution to world economic efficiency of the liberalization of trade in goods will lead to annual income gains of up to \$510 billion by the year 2005 and will expand trade by up to 24 per cent.²⁴ But the standard set by the GATT contracting parties at Punta del Este reflected the interests of *all* participants and foreshadowed the political compromises that would be necessary to conclude this complex and broad negotiation. This section examines the results of the Uruguay Round from this perspective.

The single undertaking

78. WTO members pledge to adopt all elements of the Final Act of the Uruguay Round for the conduct of their trade relations, which will replace the GATT in the conduct of trade relations between WTO Members. The Final Act comprises commitments on a wide array of policy instruments affecting trade in goods and services, the protection of intellectual property rights, the monitoring of trade policies to provide for transparency and improved adherence to obligations, dispute settlement procedures to interpret and enforce those obligations, and an institutional setting for WTO Members to oversee the functioning of the multilateral trading system, including as a forum for negotiations to improve and extend the rules-based framework for the conduct of trade and economic relations, and to cooperate with the IMF and the World Bank group of agencies.

Differential and more favourable treatment for developing countries

79. The GATT provisions applying to developing countries will be incorporated in the WTO. As under the GATT, the operation of Part IV of the General Agreement and the 1979 Enabling Clause in the WTO will be kept under continuous review by the Committee on Trade and Development. In addition, the Committee on Trade and Development will periodically review the special provisions

²⁴GATT (1994), *The Results of the Uruguay Round of Negotiations: Market Access for Goods and Services, and Overview of the Results*.

in favour of least-developed countries and report to the General Council of the WTO for appropriate action.

80. The *Decision on Measures in Favour of Least-Developed Countries* makes provision for measures of special assistance. Fifteen least-developed countries are taking advantage of the additional year provided for the purpose of submitting schedules of commitments on goods and services which ends on 15 April 1995. The Decision includes provision for technical assistance "in the development, strengthening and diversification of their production and export bases including those of services, as well as in trade promotion, to enable them to maximize the benefits from liberalized access to markets".

81. Most of the new agreements contain provisions on differential and more favourable treatment for developing countries and, in particular, least-developed countries. These may include (i) longer transition periods for the full implementation of most obligations, a lower level of obligation for developing countries and exemptions for least-developed countries; (ii) provision for technical assistance to developing countries to help them assume their obligations and more effectively realize the benefits of the multilateral trading system; and (iii) provisions to ensure more favourable treatment to developing country exporters in the application of non-tariff measures.

Market access for industrial products

82. The objective to reduce or eliminate tariffs on industrial products and expand the scope of tariff concessions has been achieved by developed countries through a 40 per cent reduction in the average tariff, the increase from 20 to 44 per cent in the proportion of imports subject to bound MFN zero duties, and the binding of virtually all tariff lines. The reduction in tariffs applied to imports from developing countries is lower (37 per cent), due to the below-average tariff cuts applied to textiles and clothing, and fish and fish products, which are relatively more important in the pattern of exports of developing countries. At the higher end of the tariff structure, the proportion of imports into developed countries from all sources that encounter tariffs above 15 per cent will decline from 7 to 5 per cent, and from 9 to 5 per cent for imports from developing economies.

83. Regarding natural resource-based products of particular export interest to developing countries, the objective of reducing tariffs has been achieved by a reduction from 4.0 to 2.7 per cent in the average tariff applied to imports from developing countries. In many instances, the objective of reducing tariff escalation, which acts as a disincentive to processing of natural resource-based products, has been achieved by greater absolute reductions in average tariffs at more advanced stages of production than at earlier stages of production.

84. A number of developing and transition economies have undertaken to reduce tariffs on industrial products, and to expand the scope of bindings. More than three-fifths of the \$352 billion in imports into developing economies will be subject to bindings.²⁵ In instances where developing countries have committed to bind 100 per cent of tariff lines, the levels of tariffs for most products have been set above the currently applied rates (ceiling bindings). However, in relation to the base period of 1986, currently applied rates reflect reductions undertaken autonomously in the course of the Uruguay Round.

²⁵Figures are affected by the fact that comparable data are available only for 26 of 93 developing economy participants, which account for roughly 80 per cent of the total merchandise imports of developing economy participants in the Uruguay Round.

Non-tariff measures

85. The objective of formulating modalities that would permit the eventual integration of textiles and clothing into GATT has been achieved by the Agreement on Textiles and Clothing. The Agreement provides for the phase-out of MFA restraints in four steps, starting 1 January 1995 and ending 1 January 2005. The Agreement also provides that all non-MFA restraints on imports of textiles and clothing will be brought into conformity with the GATT. As a result of the Agreement, the MFA will expire at the end of 1994.

86. The objective of clarifying and reinforcing Article XIX has been achieved by the Agreement on Safeguards. The Agreement requires investigations, including an injury analysis, to determine whether safeguard measures are required. It sets limits on the restrictive nature of import quotas and time limits for which the measures can be in place, and for the period for which they cannot be reimposed. The possibility for "quota modulation" under certain specified circumstances is subject to multilateral surveillance.²⁶ The Agreement requires that "grey-area" measures not in conformity with the provisions of Article XIX be brought into conformity with the Agreement or phased out within four years after the entry into force of the Agreement establishing the WTO.²⁷

87. The review of existing provisions has led to Understandings on the interpretation of Article II.1(b), Article XVII, Balance-of-Payments Provisions (Articles XII and XVIII:B), Article XXIV, waivers, and Article XXVIII intended to reduce reliance on non-tariff measures. The Agreement on Trade-Related Investment Measures (TRIMs) applies to performance requirements, prohibits the introduction of new measures and requires existing ones to be phased out.

88. The objective of clarifying or expanding the Tokyo Round agreements has been achieved for the agreements on technical barriers to trade, anti-dumping, customs valuation, import licensing procedures, subsidies and countervailing measures, and new agreements concern sanitary and phytosanitary measures, preshipment inspection and rules of origin. Of particular note is the Agreement on Subsidies and Countervailing Measures, which defines a subsidy (as a financial contribution by a government) and clarifies the subsidies that are subject to the disciplines of the Agreement, including those that may form the basis for countervailing measures (those that are provided specifically to an enterprise or industry, as opposed to generally available subsidies). An further step has also been taken to extend the framework of disciplines to limit the use of trade-distorting subsidies.

89. The administration of countervailing/anti-dumping measures has been clarified by (i) greater and more detailed disciplines on the conduct of investigations; (ii) establishing the criteria to terminate an investigation (*de minimis* thresholds for margins of subsidization/dumping or the volume of dumped/subsidized products or negligible injury);²⁸ (iii) providing interested parties with full notice and a right to present evidence; (iv) clarifying the criteria used to determine injury to the domestic industry; (v) requiring more detailed public notice and explanation of determinations; and (vi) establishing that a "sunset" clause of five years applies to measures, unless a determination is made

²⁶"Quota modulation" is a term used to signify the possibility of allocating quotas in a discriminatory manner, i.e. a possibility to deviate from the non-discriminatory quota allocation specified in Article XIII of GATT1994.

²⁷Voluntary export restraints, orderly marketing arrangements or any other similar measures on the export or the import side. Each importing Member of the WTO is permitted to keep one specific measure in force until the end of 1999, subject to the agreement of the exporting country in question, and subject to review and acceptance of this exception by the Committee on Safeguards.

²⁸*De minimis* provisions are more generous in the case of products imported from developing countries.

that, in the event of the termination of the measures, subsidization/dumping and injury would be likely to continue or recur.

90. Most of the agreements are more extensive versions of those concluded in the Tokyo Round, which had failed to acquire a multilateral status. In contrast, the single undertaking will ensure that the agreements on non-tariff measures will apply to all WTO Members. However, the Tokyo Round Agreements on Government Procurement (which will be superseded by a new Agreement), the Civil Aircraft Agreement (where negotiations on a new Agreement have taken place) and the Arrangements on Dairy and Bovine Meat will retain their plurilateral status. Of particular note is the new Agreement on Government Procurement, which will come into force on 1 January 1996, and which expands the existing agreement by requiring bid-challenge procedures, and increases the coverage of procurement subject to the rules by a factor of about ten to an amount of several hundred billion dollars.

Agriculture

91. In contrast to the ad hoc or commodity-specific approaches adopted in previous Rounds, the Uruguay Round Agreement on Agriculture achieved major systemic improvements for trade in agriculture. Agriculture has been integrated into the multilateral trading system through new rules of general application to market access, domestic support and export subsidies, with an important step being made in liberalising trade in agriculture through the negotiated reduction commitments and other bindings in each of these areas as contained in the schedules of concessions of each Uruguay Round participant. In addition, as a result of the Agreement on the Application of Sanitary and Phytosanitary Measures, there will be significantly improved multilateral disciplines that will make it possible to minimise the adverse impact of these measures on international trade in agricultural products.

92. In the market access area, the Agreement prohibits the use of non-tariff border measures on agricultural products and binds all tariffs. For agricultural products with non-tariff measures, this result was made possible by the "tariffication" process under which a tariff was established reflecting the incidence of the non-tariff measure in place and provisions were made for the maintenance of current market access opportunities and the establishment of new minimum access opportunities (at reduced-tariff rates), to be expanded from 3 to 5 per cent of domestic consumption over the six-year (10-year for developing countries) implementation period.²⁹

93. Tariff reductions were required for both the products subjected to tariffication and the vastly more numerous "tariff-only" products, i.e. those that, in the past, faced only tariffs at the border. The Schedules of developed countries show tariff reductions on agricultural products amounting to a simple average of 37 per cent. Regarding tropical products, of particular export interest to many developing countries, the average tariff reduction will be 43 per cent.

94. During the implementation period, the value of direct export subsidies will be reduced by developed countries to a level 36 per cent below the 1986-90 base period level, and the quantity of subsidised exports reduced by 21 per cent from the same base period (two-thirds reductions for developing countries).³⁰ Taken together, the commitments made will lead to a decline in total outlays on subsidized quantities by 36 per cent, from \$22.5 billion to \$14.5 billion. The prohibition of the use of export subsidies (with the exception of two types of measure in the case of developing countries)

²⁹To facilitate the tariffication process, a "special treatment" clause allows specific countries to maintain import restrictions under strictly defined conditions as set out in the Agreement and the Schedules of the countries concerned.

³⁰In certain circumstances, where subsidised exports have increased since the 1986-90 base period, 1991-92 may be used as the beginning point of reductions although the end-point remains that based on the 1986-90 base period level.

on all products not subject to reduction commitments will also play an important role in improving competition on world markets.

95. The Total Aggregate Measure of Support (Total AMS), which covers all domestic support that does not qualify for exemption, will be reduced by 20 per cent for developed countries (13 per cent for developing countries). Taken together, these commitments will lead to a decline in the Total AMS from \$197 billion to \$162 billion by the end of the transition period. Exempt policies include those in the "green box" (general government services and decoupled direct income supports), some measures which are an integral part of the development programmes of developing countries, direct payments under production-limiting programmes and any product-specific support amounting to less than 5 per cent (10 per cent for developing countries) of the value of production of the product concerned ("de minimis" support).

96. At the same time, the participants in the Uruguay Round have recognized the possibility of adverse effects of the agricultural reform programme in the *Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries*. The Decision sets out objectives with regard to the provision of food aid, the provision of basic foodstuffs in full grant form and aid for agricultural development. It also refers to the possibility of assistance from the International Monetary Fund and the World Bank with respect to the short-term financing of commercial food imports.

Services

97. The objective of establishing a multilateral framework of principles and rules for trade in services and the liberalization of trade in this sector has been achieved by the General Agreement on Trade in Services (GATS). The GATS covers trade in services in all forms, including through commercial presence and the temporary entry of natural persons. The basic principle is MFN, although measures which are inconsistent with this obligation can be maintained in principle for not more than ten years. In addition, transparency applies to domestic regulations relevant to trade in services.

98. The GATS provides for the progressive liberalization of trade in services through the scheduling of commitments. Market access and national treatment apply to the service activities specified in schedules of commitments, and subject to the terms and conditions specified therein. Ninety-five schedules have been certified (the European Union has submitted a common schedule on behalf of its 12 Member States, indicating specific commitments at the national level where applicable) which together contain the results of the market access negotiations for services in the Uruguay Round. The GATS explicitly provides for future rounds of negotiations with a view to achieving a progressively higher level of liberalization; the first such round is to begin within five years of the entry into force of the Agreement.

99. No service sectors are excluded from the scope of the Agreement, but participants were free to specify the services on which they would provide market access and national treatment. There are accordingly important differences in the coverage of the schedules of different participants. The schedules of the major developed participants, for example, cover nearly all sectors, though with exceptions in such areas as maritime transport and audiovisual services. The travel and tourism sector has the highest number of national commitments, followed by the financial services sector. Negotiations are already in progress with a view to the expansion of the existing commitments in maritime transport, financial services and the movement of natural persons. Basic telecommunications, on which it was generally agreed that commitments would not be made in this Round, are also the subject of ongoing negotiations.

Trade-related aspects of intellectual property rights

100. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was motivated by a desire to reduce distortions in the conditions of international competition resulting from widely varying standards in the protection *and enforcement* of intellectual property rights, and the lack of a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods. The TRIPS agreement will be implemented within transition periods generally of one year (developing countries), five years (developing countries, and transition economies facing special problems in structural reform of their intellectual property systems) or eleven years (least-developed countries).³¹

101. Subject to limited exceptions, the TRIPS agreement requires WTO Members to provide for national treatment with regard to the protection of intellectual property and to treat nationals of trading partners on the same basis (the most-favoured-nation principle or MFN). It covers copyright and related rights, including for computer programs, data bases, sound recordings and films; trademarks and service marks; geographical indications, including appellations of origin; patents; industrial designs; the layout-design of integrated circuits; and undisclosed information, including trade secrets. In respect of each of these areas, minimum substantive standards of protection are specified, building on those in the Paris and Berne Conventions.

102. WTO members are required to provide procedures and remedies under their domestic law to ensure that intellectual property rights can be effectively enforced by foreign right holders. Requirements include provisions on evidence, injunctions, damages and other civil remedies, including the right of judicial authorities to order emergency provisional action; special border measures against imports of trademark counterfeit and pirated copyright goods; and criminal action including imprisonment and/or fines sufficient to act as a deterrent, in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale.

Dispute settlement

103. A key objective of the negotiations was to make the multilateral rules more effective by improving their enforceability, and this has been achieved in the Understanding on Dispute Settlement (DSU). In relation to the previous GATT system, a major change is the integration of all the dispute settlement procedures established under the individual agreements (goods, services, TRIPS and the plurilateral agreements) into a single system operating under a Dispute Settlement Body (DSB). In addition, one of the central provisions of the DSU reaffirms that Members shall not unilaterally make determinations of violations or suspend concessions, but shall make use of the multilateral dispute settlement rules and procedures of the DSU.

104. In relation to the GATT system, the WTO dispute settlement system also provides claimants with automaticity for the establishment of a panel, adoption of the panel ruling, and authorization of counter-measures in the event where an adopted panel ruling is not implemented. This greater automaticity has been accomplished by a negative consensus approach for decisions taken by the DSB: a consensus will be needed in order to halt the proceedings from advancing at any stage of the formal dispute settlement procedures.

105. In order to ensure that automaticity in adoption of panel reports is accompanied by greater confidence in the legal findings, an Appellate Body will be established to hear appeals. If an appeal is not made, the panel report will be adopted. If an appeal is made, the report of the Appellate Body

³¹Least-developed countries may request a further extension.

shall be adopted by the DSB and unconditionally accepted by the parties, unless the DSB decides by consensus against its adoption.

106. Following its adoption, the party concerned will have to notify its intentions with respect to implementation of adopted recommendations. Under the GATT, panels have generally recommended that an inconsistent measure be brought into conformity with the rules. If such a step is not taken, within a reasonable period of time, compensation or the suspension of concessions or other obligations are available as temporary measures. If no satisfactory compensation is agreed, the claimant may request authorization from the DSB - acting according to the negative consensus approach - to retaliate. The general principle is that suspension of concessions should take place in the same sector of trade; for instance, retaliation over a violation of commitments made in the area of goods should also concern goods. However, if this is not practicable or effective, and if the circumstances are serious enough, the suspension of concessions may be made under another agreement; for instance, retaliation over a violation of commitments made in the area of TRIPs may concern goods.

Functioning of the GATT system

107. The objective of providing for a regular monitoring and surveillance of trade policies and practices of members and their impact on the functioning of the multilateral trading system has been achieved by the Trade Policy Review Mechanism (TPRM), in place since 1989 on a provisional basis.³² Each WTO member will report regularly to the Trade Policies Review Body (TPRB), a report will also be prepared by the WTO Secretariat, and the TPRB will hold a session to discuss the substance of these reports. As part of their monitoring activities, WTO Members will also continue to appraise annually developments which are having an impact on the multilateral trading system, assisted by an annual report by the Director-General setting out major activities of the WTO and highlighting significant policy issues affecting the trading system.

108. The objective of improving the overall effectiveness of the institutions of the multilateral trading system, including through involvement of Ministers, has been achieved by the creation of the WTO, which will be headed by a Ministerial Conference meeting at least once every two years. Five specific tasks have been assigned to the WTO:

- to facilitate the implementation of the results of the Uruguay Round;
- to provide a forum for multilateral trade negotiations and a framework for the implementation of their results;
- to administer the dispute settlement procedures;
- to administer the Trade Policy Review Mechanism; and
- to cooperate with the IMF and the World Bank group of agencies.

IV. THE CHALLENGES AHEAD

109. The preceding sections have described the situation of the multilateral trading system as of the end of 1994, a period of transition between the system created by GATT 1947 and the system that will come into existence under the WTO in 1995. Negotiated solutions to many of the longstanding and evident problem areas in the GATT system noted in the first Section - including the MFA,

³²Traditional monitoring activities under the GATT were based on notification requirements, and WTO Members have re-affirmed this commitment and agreed to establish a central registry of notifications under the responsibility of the WTO Secretariat. A review of notification obligations and procedures will take place within two years of the entry into force of the WTO to assess whether further improvements are necessary.

quantitative restrictions, grey-area measures, protection of agriculture, a dispute settlement system fractured between the GATT and the Tokyo Round Agreements, inadequate surveillance - have been found by the participants in the Uruguay Round. In addition, they have expanded the coverage of the multilateral rules to services and intellectual property protection, and the respect for all the rules will be enhanced by the improved dispute settlement procedures and a reinforced institutional framework for the trading system.

110. These are, without doubt, fundamental and far-reaching achievements, which restore confidence in the multilateral trading system. Without these results, there is little doubt that the value of the multilateral trading system as the basis for trade relations would have been seriously, perhaps fatally, compromised. For this reason, this is an appropriate moment to take stock of these achievements, and to assess the challenges that lie ahead to ensure that the promise contained in the Final Act is effectively realized, on a day-to-day basis, in the years that lie ahead.

Completing the ratification process

111. The WTO Agreement establishes that contracting parties to GATT 1947 as of the date of entry into force of the WTO Agreement and the European Communities, which accept the Uruguay Round Agreements and which have finalized their schedules of commitments on goods and services shall become original Members of the WTO.

112. The first step is the finalization of schedules of commitments on goods and services. Practically all GATT contracting parties have finalized their schedules of commitments for goods and services which form part of the obligations undertaken by prospective members of the WTO, with the exception of Slovenia (which acceded after the Marrakesh Ministerial meeting in April 1994), and this process has also been largely completed for those territories or countries having succeeded under Article XXVI:5(c).³³ Fifteen least-developed countries are taking advantage of the additional year provided for the purpose of submitting schedules of commitments on goods and services which ends on 15 April 1995.

113. The second step is the approval of the WTO Agreement by the domestic authorities. This process has been largely completed for a substantial number of GATT contracting parties. The final step is the confirmation of acceptance. The ratification process is in a phase of accelerated activity from which it can be anticipated that up to 100 countries - covering most of GATT's membership - will have completed ratification by 31 December 1994.

Ensuring the institutional framework is operational

114. The enhanced functions of the multilateral trading system in the WTO will be carried out by a number of new bodies created for this purpose. In particular, the seven Members of the Appellate Body must be appointed and, in order to ensure the fullest confidence in their activities, must be individuals of the highest calibre and dedication to their task. Finally, the WTO Secretariat must be established and provided with the resources necessary to respond effectively to the needs of WTO Members.

³³Angola, Grenada and Qatar, which succeeded to GATT in the course of 1994, have not yet submitted their schedules, and the schedules of the United Arab Emirates and St. Kitts and Nevis have not been finalized.

Ensuring an orderly transition from the GATT 1947 to the WTO 1995

115. A number of issues have arisen concerning the transition from the GATT 1947 to the WTO Agreement which will require careful reflection. These issues result mainly from the fact that for a transitional period it is likely that most contracting parties will be bound by both the GATT 1947 and the WTO. The Preparatory Committee is addressing these issues in order to ensure a harmonious transition.

Creating a global trading system

116. Countries or customs territories may become WTO Members upon completion of the accession procedures. Sudan and Croatia have requested accession to the WTO, and other governments are expected to formally lodge applications once the WTO has entered into force, and in particular, the governments (which include Russia and other states of the former USSR) whose terms of participation in the GATT have not yet been completed.

117. The requests for GATT accession have underlined the greater participation in the trading system being sought by a number of governments, and in particular transition economies, an interest which will be reinforced by the greater attraction of WTO membership. In turn, WTO Members can be expected to welcome the opportunity to expand the scope of coverage of the system, and respond by examining and processing expeditiously accession requests.

Ensuring the effective participation of developing countries in the trading system

118. The Uruguay Round Agreements and Decisions generally provide for technical assistance to be made available to developing countries. This need has been confirmed by discussions in the Committee on Trade and Development, where contracting parties have emphasized that the Secretariat's technical cooperation program should be strengthened to better respond to the needs resulting from a greater participation of the developing countries in the multilateral trading system, and from the complexities of implementing the new legal framework. An area of particular attention is to carry out the mandate of the Decision on Measures in Favour of Least-Developed Countries of "substantially increased technical assistance in the development, strengthening and diversification of their production and export bases including those of services, as well as in trade promotion, to enable them to maximize the benefits from liberalized access to markets".

119. The Committee on Trade and Development, and its Sub-Committee on Least-Developed Countries, will have an enhanced role in the WTO, and in particular with regard to overseeing the operation of the provisions for differential and more favourable treatment for developing countries and those for least-developed countries. Responding to the need for a more supportive role of the Secretariat in this area, a specialized unit on Least-Developed Countries has been created.

Maintaining forward momentum

120. An inseparable part of ensuring that the multilateral trading system retains a forward-looking momentum is the need to maintain confidence in the existing system by a willingness to abide by the letter and spirit of the WTO. Governments will continue to face the same intense domestic pressures for protection in the new system as they did in the GATT; the system may have been fundamentally altered, but the domestic landscape has not. Although the WTO norms define instruments governments can use to intervene in trade under certain conditions, they also define the actions that have been agreed to be outside the system. Even permissible actions should be used judiciously in order to forestall,

as the experience of dispute settlement in the anti-dumping area has shown, an increasingly wide gap in perceptions of the acceptable limits of actions. In addition, the flexibility that is present in the Uruguay Round Agreements to implement commitments should not be abused to undermine the legitimate expectations of trading partners.

121. As the experience of the multilateral trading system over the past two decades has amply shown, departures from the system to meet one particular set of demands for protection inevitably undermine the functioning of the system as a whole. After seven years of painstaking effort to reverse the unfortunate legacies of the past, it is imperative that the outcome not unravel. This will require vigilance and determination on the part of all WTO Members, both individually and collectively.

122. It can be anticipated that the WTO Members will be brought to consider the implications of the trend to regional integration agreements. In particular, the WTO will need to ensure that the provisions of such agreements are consistent with the multilateral rules. Action will also need to be considered to achieve greater coherence in global economic policy-making, in cooperation with the IMF and World Bank.

123. It has long been recognized that inactivity could be damaging in a field as dynamic as trade. This is already recognized in the Uruguay Round agreements by provisions for:

- in services, the negotiation of higher levels of commitments in financial services, maritime services, basic telecom services, and the movement of natural persons, a work program on domestic regulations, the negotiation of disciplines on government procurement, safeguards and subsidies, and a new round of negotiations beginning no later than the year 2000;
- a work program on trade and environment under the guidance of the Committee on Trade and Environment, which has the mandate to identify the relationships between trade and environmental measures in order to promote sustainable development, and to make recommendations on whether any modifications to the provisions of the multilateral trading system are required;
- a work program for the harmonization of rules of origin to be completed by 1998;
- the start of negotiations on the second phase of liberalization in agriculture in 1999;
- WTO Members will consider, by the year 2000, the need for rules on investment policy and competition policy, as a first step in opening negotiations; and
- review by the Ministerial Conference of the provisions, implementation and operation of various agreements, dispute settlement, and the trade policy review mechanism within a certain time-period.

124. These forward-looking provisions reflect the conception of the multilateral trading system as a dynamic, ongoing process of liberalization and completion of the multilateral framework as needs arise. Clearly, important barriers to trade have been reduced or eliminated by the Uruguay Round Agreements, but others remain, and will form the subject of future negotiations. More generally, trade and economic relations will benefit from the WTO's role as a continuing forum for the discussion of policy issues and the early resolution of frictions that could give rise to trade disputes.

Appendix Table 1
Growth in the volume of world merchandise trade by region, 1991-93
(Annual percentage change)

Exports				Imports		
1991	1992	1993		1991	1992	1993
3½	4½	4	World ^a	3½	5	3
5	7	5	North America ^b	-1	8	10
2	7	10	Latin America	13	18	8
2½	3	2	Western Europe	4	3	-2½
2½	3	1½	European Union	5	3½	-3½
0	5	4½	EFTA	-3	½	-½
-19	-3½	2½	Central and Eastern Europe and the former USSR	-22	-5½	4½
8	5	6	Asia ^a	10	8	10
2½	1½	-1½	Japan	4	-½	4
11	8½	9	Six East Asian traders ^{a,c}	15½	9½	13½

^aExcluding Hong Kong re-exports and imports for re-export. The inclusion of Hong Kong's re-exports would raise the rate of world exports to 4½ per cent in 1993.

^bCanada and the United States

^cIncluding Chinese Taipei, Hong Kong, Republic of Korea, Malaysia, Singapore and Thailand.

Appendix Table 2**Value of world merchandise trade by region, 1991-93**

(Billion dollars and percentages)

Exports (f.o.b.)					Imports (c.i.f.)			
Value	Annual change				Value	Annual change		
1993	1991	1992	1993		1993	1991	1992	1993
3640	1.5	6.2	-0.4	World ^a	3730	1.7	6.2	-1.2
610	5.3	6.1	4.6	North America ^b	743	-1.1	7.9	8.6
159	-0.9	4.7	5.9	Latin America	185	15.3	18.9	7.7
1601	-1.1	5.9	-6.5	Western Europe	1607	0.6	4.3	-9.9
1363	-0.7	6.3	-6.4	European Union	1367	2.0	4.9	-10.4
211	-3.7	4.8	-6.9	EFTA	197	-5.5	1.0	-10.1
100	-18.1	2.7	4.1	Central and Eastern Europe and the former USSR	101	-23.2	-1.8	6.4
44	-13.9	6.3	-0.7	Central and Eastern Europe	56	-8.0	10.3	9.4
91	-2.3	-1.4	-5.8	Africa	94	-0.5	5.0	-5.9
124	-9.3	3.8	-0.7	Middle East	122	12.4	15.6	-5.4
956	10.5	9.1	7.4	Asia ^a	877	7.5	6.5	8.2
362	9.5	8.0	6.6	Japan	242	0.7	-1.6	3.6
92	15.9	18.2	8.0	China	104	19.6	26.4	29.0
354	12.4	8.5	8.8	Six East Asian traders ^{a,c}	373	14.5	7.7	8.1

^aExcluding Hong Kong re-exports.^bCanada and the United States.^cIncluding Chinese Taipei, Hong Kong, Republic of Korea, Malaysia, Singapore and Thailand.

Appendix Table 3
Export prices of primary commodities, 1990-94
(Annual percentage change)

	1991	1992	1993	1994 Jan-June
Food, beverages and tobacco	8.2	-0.4	-0.2	13.6
Food	-8.8	1.6	-1.1	10.8
Beverages	8.2	-12.3	6.2	38.4
Agricultural raw materials	0.7	3.0	0.8	7.2
Minerals and non-ferrous metals (excluding crude petroleum)	4.9	-2.6	-16.0	-1.8
Total of above	6.0	-0.1	-3.8	8.5
Crude petroleum	-9.6	-0.2	-11.7	-15.3
All primary commodities	-0.2	-0.1	-5.0	4.7

Source: IMF, *International Financial Statistics*

Appendix Table 4

A. Initiations of anti-dumping investigations, 1985-92

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	Total
United States	65	41	30	25	24	53	62	68	47	415
Australia	55	40	21	20	23	47	76	61	45	388
European Communities	26	29	62	42	36	24	23	33	47	322
Canada	27	24	21	14	15	12	16	37	22	188
Mexico	0	2	17	17	9	14	25	24	23	131
Brazil	0	0	1	1	0	2	9	10	30	53
New Zealand	0	0	4	5	1	6	13	4	2	35
Poland	0	0	0	0	0	24	0	0	0	24
Turkey	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21	21
Korea, Rep.	3	1	0	0	3	2	0	7	4	20
Finland	0	5	5	2	0	1	0	0	0	13
Sweden	2	0	0	2	4	2	1	0	0	11
India	0	0	0	0	0	0	5	3	1	9
Austria	0	0	0	0	0	0	4	4	0	8
Colombia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4	4
Japan	0	0	0	0	0	0	3	0	1	4
Total	178	142	161	128	115	187	237	251	247	1,646

n.a. = not available

Notes:

1. The reporting period covers 1 July to 30 June.
2. The notifications received by the Committee cover all 25 Parties to the Anti-Dumping Agreement and two observers (Colombia and Turkey), and concern initiations on imports from Parties and non-Parties. Data for the European Communities for early years have been adjusted.
3. Initiations concerning exporters of the European Communities and its member States are reported as notified. Mexico notified investigations for 1988-89 and in 1992-93 on certain products imported from the European Communities, while other notifications refer to the member State of origin of the exporting enterprises subject to the investigation.

B. Exporters subject to two or more initiations of anti-dumping investigations, 1985-92

	Total		Total
European Communities or its member States	209	Venezuela	14
Japan	105	Hungary	12
United States	100	Malaysia	12
Korea, Rep.	78	Austria	11
China	69	Indonesia	9
Chinese Taipei	68	Israel	8
Brazil	54	Norway	6
Yugoslavia (former)	31	South Africa	6
Canada	25	Colombia	5
Poland	24	Philippines	5
Czech and Slovak Fed. Rep.	23	Saudi Arabia	5
Romania	23	Bulgaria	4
Hong Kong	22	Finland	4
Mexico	22	New Zealand	4
Turkey	22	Bangladesh	3
Thailand	19	Egypt	3
German Dem. Rep. (former)	18	Chile	3
Singapore	18	Australia	2
Argentina	17	Kazakhstan	2
India	17	Russian Federation	2
USSR (former)	16	Trinidad and Tobago	2
Sweden	15	Ukraine	2

Notes:

1. The reporting period covers 1 July 1985 to 30 June 1992.
2. Initiations concerning exporters of the European Communities and its member States are reported as notified. Mexico notified investigations for 1988-89 on certain products imported from the European Communities, while subsequent notifications refer to the member State of origin of the exporting firms subject to the investigation.
3. Countries subject to one initiation are Albania, Algeria, Armenia, Azerbaijan, Belarus, Costa Rica, Ecuador, El Salvador, Georgia, Iceland, Islamic Rep. of Iran, Kenya, Kuwait, Kyrgyzstan, Libyan Arab Jamahiriya, Macau, Moldova, Pakistan, Papua New Guinea, Peru, Qatar, Switzerland, Tajikistan, Tunisia, Turkmenistan, Uruguay, Uzbekistan, Zimbabwe.

C. Exporters subject to two or more initiations of anti-dumping investigations, 1992-94

	Total		Total
European Communities or its member States	89	Hong Kong	5
China	58	Venezuela	5
United States	45	Belarus	4
Korea, Rep.	39	Czech and Slovak Fed. Rep. (former)	4
Brazil	21	Finland	4
Japan	20	Slovak Rep.	4
Thailand	18	Romania	4
Chinese Taipei	17	Austria	3
Russian Fed.	17	Australia	3
India	15	Israel	3
Malaysia	13	Kazakhstan	3
Indonesia	12	Lithuania	3
Ukraine	12	Mexico	3
South Africa	10	Argentina	2
Singapore	8	Colombia	2
Canada	7	Cote d'Ivoire	2
Poland	7	Georgia	2
Pakistan	6	New Zealand	2
Turkey	6	Philippines	2
Czech Rep.	5	Sri Lanka	2

- Notes:
1. The reporting period covers 1 July 1992 to 30 June 1994.
 2. Initiations concerning exporters of the European Communities and its member States are reported as notified. Mexico notified investigations for 1992-93 on certain products imported from the European Communities, while other notifications refer to the member State of origin of the exporting firms subject to the investigation.
 3. Countries subject to one initiation are Bulgaria, Chile, Croatia, Cyprus, Ecuador, Egypt, Estonia, Hungary, Moldova, Sweden, Trinidad and Tobago, and Turkmenistan.

Appendix Table 5

A. Initiations of countervailing investigations, 1985-92

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	Total
United States	42	11	13	9	7	7	15	42	12	158
Australia	3	3	0	2	7	10	8	12	4	49
Chile	11	0	0	0	0	2	5	2	4	24
Brazil	0	0	0	0	0	0	8	1	2	11
Canada	1	4	0	1	2	0	0	0	2	10
New Zealand	0	1	4	0	0	1	0	0	0	6
Austria	0	0	0	0	0	0	0	4	0	4
European Communities	0	0	1	2	0	0	0	1	0	4
Total	57	19	18	14	16	20	36	62	24	266

B. Exporters subject to two or more initiations of countervailing investigations, 1985-92

	Total		Total
European Communities and its member States	43	Singapore	5
Brazil	17	India	4
Canada	14	Korea, Rep.	4
Thailand	9	Pakistan	4
Turkey	8	Australia	3
Malaysia	7	Czech Rep.	3
Argentina	6	Islamic Rep. of Iran	3
Chinese Taipei	6	Peru	3
Venezuela	6	Slovak Rep.	2
China	5	Sweden	2
Israel	5	Colombia	2
Mexico	5	Poland	2
New Zealand	5	United States	2

- Notes:
1. The reporting period covers 1 July 1985 to 30 June 1994.
 2. Initiations concerning exporters of the European Communities and its member States are reported as notified. Brazil notified investigations for 1991-92 on certain products imported from the European Communities, while other notifications refer to the member State of origin of the exporting firms subject to the investigation.
 3. Countries subject to one investigation are Bangladesh, Chile, Costa Rica, Ecuador, El Salvador, Finland, Hungary, Kenya, Norway, Uruguay, Zimbabwe.

Appendix Table 6**Participants in dispute settlement proceedings in the GATT system, 1989-94**

(Number of formally notified requests for consultations)

Participant	Applicant				Respondent			
	GA	AD	Subsidies/ CVD	GP	GA	AD	Subsidies/ CVD	GP
Argentina	2				3			
Australia	1	1	1		1		3	
Austria	1							
Brazil	4	4	1		2	1		
Canada	10				2	2		
Chile	4				1			
Colombia	3							
Costa Rica	2							
Czech Republic	1							
El Salvador	1							
European Union	10	6	7	1	16	4	4	
Finland				1	1			
Guatemala	3							
Hong Kong		2						
India	1							
Indonesia					1			
Japan		2			2			
Mexico	2	2			1	2		
Netherlands (Antilles)	1							
New Zealand	1							
Nicaragua	2							
Norway	1	1	1		1			1
Pakistan	1							
Poland					1			
Singapore		1						
Sweden		2	1					
Thailand	2				1			
Turkey					1			
United States	14		3	1	15	15	7	2
Venezuela	3				1			
Zimbabwe	1							

GA = General Agreement; AD = Anti-dumping Agreement; Subsidies/CVD = Subsidies and Countervailing Measures Agreement; GP = Government Procurement.

Note: The data include only formal notifications of requests for consultations received by the Secretariat, which are comprehensive only for the General Agreement.

This table is a compilation of preferential trade agreements notified to GATT listed in chronological order according to the date of signature. For each entry, seven columns of information are provided: (i) name of the agreement; (ii) participating countries or contracting parties; (iii) the form in which the contracting parties presented their agreement (for example, free trade area, customs union or preferential trade arrangement); (iv) the document reference for the text of the agreement; (v) the date of signature; (vi) the date of entry into force; and (vii) the GATT action taken and corresponding document references. Section A of the table concerns agreements notified under Article XXIV, and section B concerns agreements notified under the 1979 Enabling Clause.

A. Preferential trade agreements notified under Article XXIV

In accordance with the Decision of the Council of 25 October 1972 (19S/13), contracting parties that sign an agreement falling within the terms of Article XXIV are to inscribe the item on the agenda of the first meeting of the Council following its signature. Members of the agreement provide copies of the text of the agreement to contracting parties in order to permit them to review the agreement. The third column of the table notes the manner in which the agreement was presented by its members in the GATT (for example, free-trade area, customs union). This information reflects GATT provisions and may consequently not convey other aspects of the agreement (for example, liberalization of services, commitments regarding labour standards or competition policies). The final column reports the last GATT action taken. A working party is generally established which submits a report and recommendations, if any, to the Council. The entry does not contain reference to the biennial reporting requirement established for regional agreements under the Decision of 26 November 1971 (L/3641). Contracting parties claiming to have completed the implementation of free trade areas or customs unions (the EC, ANZCERTA, EFTA and EC-EFTA agreements) have not submitted reports, and the calendar for such reports has not been revived since 1987.

	Name	Participating countries or contracting parties	Presented as	Text of agreement	Date of signature	Date of entry into force	GATT action taken and document references
1.	ACP-EEC Fourth Lomé Convention ¹	Member States of the Third Lomé Convention, plus Dominican Republic, Haiti and St. Christopher and Nevis	Preferential, non-reciprocal access to the EEC market (Part IV claim)	L/7153/Add.1	15 Dec. 1989	1 Mar. 1990	Working Party established on 9-10 Feb. 1993. Report adopted on 4 October 1994 (L/7502).
2.	EFTA-Turkey Free Trade Agreement	EFTA member States and Turkey	Interim agreement for the formation of a free-trade area	L/6989/Add.1	10 Dec. 1991	30 Apr. 1992	Working Party established on 30 Apr. 1992. Report adopted on 17 Dec. 1993 (L/7336).
3.	EC-Poland Interim Agreement	EC member States and Poland	Interim agreement for the formation of a free-trade area; coverage of ECSC products	L/6992/Add.1	16 Dec. 1991	1 Mar. 1992	Working Party on agreements between the EC and the Visegrad countries established on 30 Apr. 1992.
4.	EC-Czech and Slovak Federal Republic Interim Agreement	EC member States and Czech and Slovak Federal Republic	Interim agreement for the formation of a free-trade area; coverage of ECSC products	L/6992/Add.1	16 Dec. 1991	1 Mar. 1992	Working Party on agreements between the EC and the Visegrad countries established on 30 Apr. 1992.
5.	EC-Hungary Interim Agreement	EC member States and Hungary	Interim agreement for the formation of a free-trade area; coverage of ECSC products	L/6992/Add.1	16 Dec. 1991	1 Mar. 1992	Working Party on agreements between the EC and the Visegrad countries established on 30 Apr. 1992.
6.	Estonia-Finland Protocol Regarding Temporary Arrangements on Trade and Economic Co-operation	Estonia and Finland	Free-trade area	L/7130/Add.1	13 Feb. 1992	1 May 1993	Working Party on agreements between Finland and the Baltic countries established on 5 Jan. 1993. Report adopted on 17 Dec. 1993 (L/7339).
7.	Lithuania-Sweden Free Trade Agreement	Lithuania and Sweden	Free-trade area	L/7036	17 Mar. 1992	15 Aug. 1992	Working Party on agreements between Sweden and the Baltic countries established on 14 July 1992. Report adopted on 17 Dec. 1993 (L/7338).

	Name	Participating countries or contracting parties	Presented as	Text of agreement	Date of signature	Date of entry into force	GATT action taken and document references
8.	Czech and Slovak Federal Republic-EFTA Free Trade Agreement	EFTA member States and Czech and Slovak Federal Republic	Interim agreement for the formation of a free-trade area	L/7041/Add.1	20 Mar. 1992	1 July 1992	Working Party established on 14 July 1992. Report circulated; ready for adoption (L/7570).
9.	Estonia-Sweden Free Trade Agreement	Estonia and Sweden	Free-trade area	L/7036	31 Mar. 1992	1 July 1992	Working Party on agreements between Sweden and the Baltic countries established on 14 July 1992. Report adopted on 17 Dec. 1993 (L/7338).
10.	Latvia-Sweden Free Trade Agreement	Latvia and Sweden	Free-trade area	L/7036	31 Mar. 1992	1 July 1992	Working Party on agreements between Sweden and the Baltic countries established on 14 July 1992. Report adopted on 17 Dec. 1993 (L/7338).
11.	Finland-Lithuania Protocol Regarding Temporary Arrangements on Trade and Economic Co-operation	Finland and Lithuania	Free-trade area	L/7130/Add.1	5 June 1992	1 May 1993	Working Party on agreements between Finland and the Baltic countries established on 5 Jan. 1993. Report adopted on 17 Dec. 1993 (L/7339).
12.	Latvia-Norway Free-Trade Agreement	Latvia and Norway	Free-trade area	L/7104/Add.1	15 June 1992	Provisionally applied from 1 July 1992	Working Party on agreements between Norway and the Baltic countries established on 4 Nov. 1992. Report adopted on 17 Dec. 1993 (L/7337).
13.	Estonia-Norway Free-Trade Agreement	Estonia and Norway	Free-trade area	L/7104/Add.1	15 June 1992	Provisionally applied from 1 July 1992	Working Party on agreements between Norway and the Baltic countries established on 4 Nov. 1992. Report adopted on 17 Dec. 1993 (L/7337).
14.	Lithuania-Norway Free-Trade Agreement	Lithuania and Norway	Free-trade area	L/7104/Add.1	15 June 1992	Provisionally applied from 1 July 1992	Working Party on agreements between Norway and the Baltic countries established on 4 Nov. 1992. Report adopted on 17 Dec. 1993 (L/7337).
15.	EFTA-Israel Free Trade Agreement	EFTA members States and Israel	Interim agreement for the formation of a free-trade area	L/7129 and Add.1	17 Sept. 1992	1 Jan. 1993	Working Party established on 9-10 Feb. 1993.
16.	Czech Republic-Slovak Republic Customs Union Agreement	Czech Republic and Slovak Republic	Customs union	L/7212	28 Oct. 1992	1 Jan. 1993	Working Party established on 12 May 1993. Report adopted on 4 October 1994 (L/7501).
17.	Lithuania-Switzerland Free-Trade Agreement	Lithuania and Switzerland	Free-trade area	L/7223/Add.1	24 Nov. 1992	Provisionally applied from 1 Apr. 1993	Working Party established on agreements between Switzerland and the Baltic States on 16-17 June 1993.
18.	Finland-Latvia Protocol Regarding Temporary Arrangements on Trade and Economic Co-operation	Finland and Latvia	Free-trade area	L/7130/Add.1	26 Nov. 1992	1 July 1993	Working Party on agreements between Finland and the Baltic States established on 5 Jan. 1993. Report adopted on 17 Dec. 1993 (L/7339).
19.	EFTA-Romania Free Trade Agreement	EFTA member States and Romania	Interim agreement for the formation of a free-trade area	L/7215/Add.1	10 Dec. 1992	1 May 1993 ²	Working Party established on 16-17 June 1993.
20.	EFTA-Poland Free Trade Agreement	EFTA member States and Poland	Interim agreement for the formation of a free-trade area	L/7372/Add.1	10 Dec. 1992	15 Nov. 1993	Working Party established on 25-26 Jan. 1994.
21.	North American Free Trade Agreement (NAFTA)	Canada, Mexico and United States	Free-trade area	L/7176/Add.1	17 Dec. 1992	1 Jan. 1994	Working Party established on 23 Mar. 1994.

	Name	Participating countries or contracting parties	Presented as	Text of agreement	Date of signature	Date of entry into force	GATT action taken and document references
22.	Estonia-Switzerland Free-Trade Agreement	Estonia and Switzerland	Free-trade area	L/7223/Add.1	21 Dec. 1992	Provisionally applied from 1 Apr. 1993	Working Party established on agreements between Switzerland and the Baltic States on 16-17 June 1993.
23.	Central European Free Trade Agreement (CEFTA)	Czech Republic, Hungary, Poland and Slovak Republic	Interim agreement for the formation of a free-trade area	L/7495/Add.1	21 Dec. 1992	Provisionally applied from 1 Mar. 1993	Working Party established on 20 July 1994.
24.	Latvia-Switzerland Free-Trade Agreement	Latvia and Switzerland	Free-trade area	L/7223/Add.1	22 Dec. 1992	Provisionally applied from 1 Apr. 1993	Working Party established on agreements between Switzerland and the Baltic States on 16-17 June 1992.
25.	EC-Association agreement with Romania	EC member States and Romania	Interim agreement for the formation of a free-trade area		1 Feb. 1993	1 May 1993	Council informed in May 1993 (C/M/263).
26.	EC-Association agreement with Bulgaria	EC member States and Bulgaria	Interim agreement for the formation of a free-trade area		8 Mar. 1993		Council informed in May 1993 (C/M/263).
27.	EFTA-Hungary Free Trade Agreement	EFTA member States and Hungary	Interim agreement for the formation of a free-trade area	L/7360/Add.1	29 Mar. 1993	1 Oct. 1993 ³	Working Party established on 25-26 Jan. 1994.
28.	EFTA-Bulgaria Free Trade Agreement	EFTA member States and Bulgaria	Interim agreement for the formation of a free-trade area	L/7257 and Add.1	29 May 1993	1 July 1993 ⁴	Working Party established on 27 Oct. 1993.
29.	Czech Republic-Slovenia Free Trade Agreement	Czech Republic and Slovenia	Free-trade area	L/7447/Add.1	Dec. 1993	Provisionally applied since 1 Jan. 1994	Working Party established on 21 June 1994.
30.	Slovak Republic-Slovenia Free Trade Agreement	Slovak Republic and Slovenia	Free-trade area	L/7448/Add.1	22 Dec. 1993	Provisionally applied since 1 Jan. 1994	Working Party established on 21 June 1994.
31.	EEC-Estonia Free Trade Agreement	EC member States and Estonia	Free-trade area				Council informed in July 1994 (C/M/274).
32.	EEC-Latvia Free Trade Agreement	EC member States and Latvia	Interim agreement for the formation of a free-trade area				Council informed in July 1994 (C/M/274).
33.	EEC-Lithuania Free Trade Agreement	EC member States and Lithuania	Interim agreement for the formation of a free-trade area				Council informed in July 1994 (C/M/274).

B. Agreements notified under the 1979 Enabling Clause

Since 1979, developing countries having concluded agreements have notified them under the Enabling Clause (Decision of 28 November 1979 on "Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries"). For agreements notified under the Enabling Clause, the item is inscribed on the agenda of the Committee on Trade and Development (CTD). Subsequent actions of the CTD may include "noting" the agreement, requesting additional information, establishing a working party and adopting its reports, reviewing reports made by members on developments under the agreement. The table also includes agreements reached between developing countries which provide for the exchange of preferences on a selected group of products ("preferential trade arrangement") for which a waiver was granted by the CONTRACTING PARTIES prior to the entry into force of the Enabling Clause, under which they were subsequently covered.

	Name	Participating countries or contracting parties	Presented as	Text of agreement	Date of signature	Date of entry into force	GATT action taken and document references
1.	Southern Cone Common Market (MERCOSUR)	Argentina, Brazil, Paraguay and Uruguay	Interim agreement for the formation of a customs union	L/6985 and Add.1	26 Mar. 1991	9 Nov. 1991	Working Party established on 28 May 1993 under the Committee on Trade and Development. Questions and answers circulated (L/7540).
2.	Additional Protocol on Preferential Tariffs among members of the Organisation for Economic Co-operation	Islamic Rep. of Iran, Pakistan and Turkey ⁵	Preferential trade arrangement	L/7047	23 May 1991	Not available	
3.	Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area ⁶	Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand	Interim agreement for the formation of a free trade area	L/7111 and Add.1	28 Jan. 1991	28 Jan. 1991	Reports to the Committee on Trade and Development (L/7111/Add.1, L/7309/Rev.1, L/7491, L/7546 and Add.1).
4.	Trade Agreement between Thailand and Lao People's Democratic Republic	Lao People's Democratic Republic and Thailand	Preferential trade arrangement	L/6947	20 June 1991	20 June 1991	
5.	South Asian Association for Regional Cooperation - Preferential Trade Arrangement (SAPTA)	Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka	Framework agreement for a preferential trade arrangement		11 April 1993		Council informed in September 1993 (C/M/266).
6.	Free Trade Agreement between Colombia, Venezuela and Mexico	Colombia, Venezuela and Mexico	Interim Agreement leading to a free trade area		13 June 1994	1 Jan. 1995	Council informed on 21 June 1994 (C/M/273).
7.	Bolivia-Mexico Free Trade Treaty	Bolivia and Mexico	Interim agreement for the formation of a free-trade area			1 Jan. 1995	Council informed in October 1994 (C/M/275).

1. Superseded the Third Lomé Convention. The Parties to the Convention have recently requested that the EC be granted a waiver from its obligations under Article I:1 with respect to trade preferences embodied in the IV Lomé Convention.

2. Entered into force for Sweden and Romania on 1 May 1993. The Agreement is being provisionally applied by Switzerland and Liechtenstein pending ratification. The Agreement will enter into force for other EFTA member states when ratification is completed.

3. Entered into force for Austria, Hungary, and Sweden on 1 Oct. 1993. The Agreement and arrangements are also being provisionally applied since 1 Oct. 1993 by Switzerland and Liechtenstein pending their ratification. The Agreement and arrangements will enter into force for Finland and Iceland when the ratification process is completed.

4. Entered into force for Sweden on 1 July 1993. The Agreement and arrangements are being provisionally applied since 1 July 1993 by Norway, Switzerland and Liechtenstein, pending their ratification. The Agreement and arrangements will enter into force for Finland and Iceland when the ratification process is completed.

5. Subsequent participants include Azerbaijan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

6. Supplemented the 1978 Agreement on ASEAN Preferential Trading Arrangements.