February 1997 No. 16

WTO telecom talks produce landmark agreement

The WTO negotiations on basic telecommunications concluded successfully on 15 February with far-reaching commitments from 69 governments, accounting for more than 90 per cent of global telecoms revenues, to liberalize trade in the sector.

In welcoming the agreement, the Director-General of the WTO, Mr Renato Ruggiero, said that "the telecoms deal will contribute to lower costs for consumers, and the price reductions will be very significant. This is good news for firms, which in the aggregate spend more on telecommunications services than they do on oil. It is also good news for families that in today's world are so often separated by physical distance." He added that telecoms liberalization could mean global income gains of some one trillion dollars over the next decade or so, which represents around four per cent of world GDP at today's prices.

The WTO Director-General, Mr Renato Ruggiero, on 15 February, gets the news from Washington that the United States has decided to join the WTO basic telecoms agreement. (Photo by Mr P. Volery/Reuters)

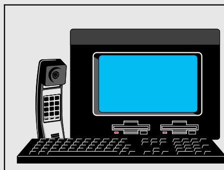
Mr Ruggiero said that "perhaps most importantly of all from a longer-term perspective, this deal goes well beyond trade and economics. It makes access to knowledge easier. It gives nations large and small, rich and poor, better opportunities to prepare for the challenges of the twenty-first century. Information and knowledge, after all, are the raw material of growth and development in our globalized world."

"The telecoms deal will contribute to lower costs for consumers, and the price reductions will be very significant. This is good news for firms, which in the aggregate spend more on telecommunications services than they do on oil."

The liberalization commitments are contained in 55 schedules representing 69 WTO member governments, which have been annexed to the Fourth Protocol of the General Agreement on Trade in Services. These commitments will enter into force on 1 January 1998, and not only cover cross-border supply of telecommunications but also

Continued on page 2

Progress in eliminating information-technology tariffs



The prospects for implementing the Singapore Ministerial Declaration on Trade in Information Technology (ITA) are looking brighter with the recent submission of draft schedules by new participants, including two major traders in IT products, Malaysia and Thailand. The ITA provides for the elimination of customs duties and other charges in the sector beginning on 1 July 1997 and concluding on 1 January 2000. Its implementation, however, is contingent on the signing on of other participants that would result in raising the agreement's coverage to

Continued on page 8

The Chairman of the Group on Basic Telecommunications, Mr. Neil McMillan of the United Kingdom. (T. Tang/WTO)

Telecoms

(Continued from page 1)

services provided through the establishment of foreign firms, or commercial presence, including the ability to own and operate independent telecom network infrastructure.

Examples of the services covered by the agreement include voice telephony, data transmission, telex, telegraph, facsimile, private leased circuit services (i.e. the sale or lease of transmission capacity), fixed and mobile satellite systems and services, cellular telephony, mobile data services, paging, and personal communications systems.

"The agreed commitments also cover services provided through the establishment of foreign firms, including the ability to own and operate independent telecom network infrastructure."

While not formally part of the negotiations, value-added services (or telecommunications for which suppliers "add value" to the customer's information by enhancing its form or content or by providing for its storage and retrieval, such as on-line data processing, on-line data base storage and retrieval, electronic data interchange, e-mail or voice mail) are already included in 44 schedules (representing 55 governments) that are in force as a result of the Uruguay Round.

The results of the telecoms negotiations are to be extended to all WTO members on a non-discriminatory basis through the "most-favoured-nation" (m.f.n.) principle. However, the legal basis for these negotiations made it possible for each government to decide, at the end of the negotiations, whether or not to file an m.f.n. exemption on a measure affecting trade in basic telecommunications services. At the end of the negotiations on 15 February, nine governments (Antigua and Barbuda, Argentina, Bangladesh, Brazil, India, Pakistan, Sri Lanka, Turkey and the United States) filed lists of m.f.n. exemptions. □

Telecom participants

Antigua and Barbuda, Argentina, Australia, Bangladesh, Belize, Bolivia, Brazil, Brunei Darussalam, Bulgaria, Canada, Chile, Colombia, Côte d'Ivoire, Czech Republic, Dominica, Dominican Republic, Ecuador, El Salvador, European Communities and its Member States, Ghana, Grenada, Guatemala, Hong Kong, Hungary, Iceland, India, Indonesia, Israel, Jamaica, Japan, Korea, Malaysia, Mauritius, Mexico, Morocco, New Zealand, Norway, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Romania, Senegal, Singapore, Sri Lanka, Switzerland, Slovak Republic, South Africa, Thailand, Trinidad and Tobago, Tunisia, Turkey, United States and Venezuela. □

Fourth Protocol to the GATS

The following Protocol, to which the schedules and the m.f.n. exemption lists will be annexed, is open for acceptance until 30 November 1997, and will enter into force on 1 January 1998:

Members of the World Trade Organization (hereinafter referred to as the "WTO") whose Schedules of Specific Commitments and Lists of Exemptions from Article II of the General Agreement on Trade in Services concerning basic telecommunications are annexed to this Protocol (hereinafter referred to as "Members concerned"),

Having carried out negotiations under the terms of the Ministerial Decision on Negotiations on Basic Telecommunications adopted at Marrakesh on 15 April 1994,

Having regard to the Annex on Negotiations on Basic Telecommunications,

Agree as follows:

1. Upon the entry into force of this Protocol, a Schedule of Specific Commitments and a List of Exemptions from Article II concerning basic telecommunications annexed to this Protocol relating to a Member shall, in accordance with the terms specified therein, supplement or modify the Schedule of Specific Commitments and the List of Article II Exemptions of that Member.

2. This Protocol shall be open for acceptance, by signature or otherwise, by the Members concerned until 30 November 1997.

3. The Protocol shall enter into force on 1 January 1998 provided it has been accepted by all Members concerned. If by 1 December 1997 the Protocol has not been accepted by all Members concerned, those Members which have accepted it by that date may decide, prior to 1 January 1998, on its entry into force.

4. This Protocol shall be deposited with the Director-General of the WTO. The Director-General of the WTO shall promptly furnish to each Member of the WTO a certified copy of this Protocol and notifications of acceptances thereof.

5. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at Geneva this 15th day of February one thousand nine hundred and ninety-seven, in a single copy in the English, French and Spanish languages, each text being authentic, except as otherwise provided for in respect of the Schedules annexed thereto.

Telecoms: a $600-billion market

Global telecom services revenue in 1995 stood at US$601.9 billion, a figure which represented 2.1% of global GDP. Revenue from mobile services was estimated at about $82 billion in 1995, accounting for nearly 14% of total revenue. Revenue from international service was estimated at nearly $63 billion in 1995; accounting for 10% of total revenue.

Telecom revenue grew by 7% in 1995; this is higher than the annual average growth rate of 5.2% recorded since 1980. Also, the world's number of telephone main lines increased about 7% in 1995 following similar performance in 1994. Other measures confirm even more dramatically that telecommunications is a fast growing sector. Outgoing international telecommunications traffic, measured in minutes, grew by 13% in 1995 and over the past five years has achieved average growth of over 12% a year. In newer services such as mobile cellular telephones, the number of subscribers grew by about 60% in 1995, and average annual growth since 1990 has been more than 50%. In telecom equipment, a sector which responds to telecom services growth, exports achieved a global value of $58 billion in 1995, up 20% over the previous year.

In telecom revenue, industrialized countries recorded average annual growth of 4.2% from 1990-95, whereas the telecom revenue growth of developing countries was more than double at 9.7% over the same period. (ILO Photo)

By almost any measure, the WTO Members contributing to the negotiations on basic telecommunications account for a vast majority of telecommunications markets worldwide. The 130 WTO Member governments together accounted for US$570 billion, or 95% of 1995 global telecom revenue; the 69 WTO Members that tabled commitments in the basic telecom negotiations accounted for more than US$550 billion or 96% of the 1995 revenue of WTO Members. In relation to global totals, the WTO Members that have made offers represent telecom markets that in 1995 accounted for over 91% of telecom revenues and 82% of the world's telephone main lines.

Industrialized countries

Five of the participants in the negotiations, the "Quad" plus Australia, held the leading shares of world telecom revenue in 1995, together accounting for 77% of the market. The EC, US and Japan ranked as the world's largest telecom markets in terms of global shares by all main telecom indicators except outgoing international traffic (where Japan ranked sixth behind Canada, Switzerland and Hong Kong). But for all of the main indicators, the combined shares of the EC, US and Japan in 1995 represented well over half of world totals.

Developing countries

Although most developing country participants in the negotiations individually accounted for lower shares of global telecom activity, they were nevertheless significant players. Korea, Brazil, Mexico and Argentina ranked in the top ten in shares of global telecom revenue. Hong Kong ranked fifth as a source of international telephone traffic, while Mexico and Singapore ranked among the top ten. Korea ranked fourth in terms of telecoms investment, while Argentina, Korea and India were among the top ten. In number of telephone main lines, Korea was in the top 5 and Turkey, Brazil, India and Mexico were among the top ten.

Often, developing countries that do not necessarily rank high in the telecom indicators are experiencing much higher growth in the telecommunications sector than more advanced countries. Among the reasons for this are higher overall economic growth rates in some developing countries as well as efforts to expand the sector rapidly from infrastructure and service levels which are generally much lower than those already in place in developed countries. For example:

» In main telephone lines, industrialized countries experienced an average annual growth rate of only 3.5% from 1990-95. Yet, over the same period, developing countries averaged over 13.8% average annual growth.

» In telecom revenue, industrialized countries recorded average annual growth of 4.2% from 1990-95, whereas the telecom revenue growth of developing countries was more than double at 9.7% over the same period. □

Ministerial celebration of GATT's 50th anniversary proposed

Canada has proposed that Ministers commemorate the 50th anniversary of the multilateral trading system with a short meeting on institutional issues, to be held back-to-back with an equally short stocktaking Ministerial Conference during the first half of 1998. Canada's proposal was in response to the instructions of Ministers in Singapore that the General Council should consider how the 50th anniversary of the GATT could best be commemorated.

Canada said its suggested format would not require the same level of preparation or output as the Singapore Conference, and would not detract from the important day-to-day work of the WTO. It added that it looked forward to further discussions on ensuring that the events "both celebrate the past while preparing the way for the future".

The Director-General, Mr Renato Ruggiero, welcomed Canada's proposal. He said that Canada's ideas corresponded with those that had come up in his informal discussions with delegations on the 50th anniversary celebration.

International Trade Centre

The Vice-Chairman of the Joint Advisory Group for the International Trade Centre UNCTAD/WTO (ITC), Mr Francisco M. Forteza of Uruguay, reported on the Group's 29th Session held on 15-19 April 1996. He said that the Group vigorously reaffirmed the relevance and importance of the ITC—the focal point in technical cooperation with developing countries on trade promotion—in today's trade environment and fully supported the efforts of the ITC Executive Director, Mr Jean-Denis Bélisle, to improve the efficiency of the organization. At the Session, the following governments announced voluntary contributions to the ITC: Canada, China, Denmark, Finland, Germany, India, Japan, Netherlands, Norway, Sweden and Switzerland.

Many delegations underlined the importance of ITC's technical cooperation activities, and thanked the countries that have provided financial support.

The ITC was established by GATT in 1964, and since 1967, has been jointly operated by the GATT/WTO and the United Nations, the latter acting through UNCTAD.

Ecuador's accession commitments

The United States expressed concern that Ecuador had not implemented a number of commitments contained in its Protocol of Accession to the WTO. It said that these commitments included ensuring that the Special Consumption tax did not discriminate against imported goods; the lifting of the import ban on used tires, clothes and automobiles; abandonment of the practice of discretionary denial of import permits for agricultural and other imports; and the application of the provisions of the WTO TRIPS Agreement. The United States said that while the trade volumes affected were small, the issue of maintaining the balance of rights and obligations in the accession package was of central importance to the WTO.

The EC, New Zealand and Switzerland stressed the basic need for members to comply fully with their accession commitments.

Souvenir: *the new Chairman of the General Council, Ambassador Celso Lafer of Brazil, hands over the gavel to his predecessor, Ambassador William Rossier of Switzerland in appreciation of his leadership during his tenure in 1996. (Photo by Tania Tang/WTO)*

1997 WTO Chairpersons

» General Council: H.E. Mr. Celso Lafer (Brazil)

» Dispute Settlement Body: H.E. Mr. Wade Armstrong (New Zealand)

» Trade Policy Review Body: H.E. Mr. Munir Akram (Pakistan);

» Council for Trade in Goods: H.E. Mr. Terje Johannessen (Norway);

» Council for TRIPS: H.E. Mrs. Carmen Luz Guarda (Chile);

» Council for Trade in Services: H.E. Mr. Joun Yung Sun (Korea);

» Committee on Trade and Environment: H.E. Mr. Björn Ekblom (Finland);

» Committee on Trade and Development: H.E. Mr. Dhurmahdass Baichoo (Mauritius);

» Committee on Budget, Finance and Administration: H.E. Mr. Kamel Morjane (Tunisia);

» Committee on Balance-of-Payments Restrictions: Mr. Peter R. Jenkins (United Kingdom);

» Committee on Regional Trade Agreements: H.E. Mr. John Weekes (Canada).

Ecuador replied that it had spared no efforts in continuing to move towards adopting measures to comply with its accession commitments, and that, despite economic difficulties in 1995 and 1996, its trade regime continued to respect fundamental WTO rules. It reaffirmed its commitment to the WTO, and its intention to abide by the terms of its Protocol of Accession.

BOP consultations with India

The Chairman of the Committee on Balance-of-Payments Restrictions, Mr Peter Witt of Germany, reported that the Committee continued its consultations with India on 20-21 January 1997. He said that the Committee welcomed India's continued commitment to economic reform and liberalization, and noted the country's progressive removal of quantitative restrictions notified under the BOP provisions of GATT 1994 (Article XVIII:B). The Committee agreed to consider, in June 1997, a plan to eliminate India's BOP measures and conclude the consultation.

The EC, the United States, Switzerland and Japan said they looked forward to receiving India's plan.

India said that greater market access opportunities for its products would help create a more favourable political climate in the country for removing the BOP restrictions.

Organizational matters

The General Council dealt with several organizational matters at its first meeting of the year. It elected as its new Chairman Ambassador Celso Lafer of Brazil to succeed Ambassador William Rossier of Switzerland and took note of the consensus on the 1997 Chairpersons of the other WTO standing bodies (*see box*).

The Chairman said he would hold consultations on the chairmanships of the working groups established in Singapore: on the relationship between trade and investment, on the interaction between trade and competition, and on transparency in government procurement practices.

The following organizations were granted observer status: United Nations, UNCTAD, FAO, WIPO and OECD. The IMF and the World Bank have been given observer status as provided for in their respective agreements with the WTO.

The General Council established an open-ended Working Group to submit recommendations, by the end of May 1997, on conditions of service applicable to the WTO Secretariat. Mr Ruggiero emphasized that the establishment of an independent Secretariat was only a logical consequence of the WTO being an independent organization.

Under "Other Business", the Director-General announced that he would begin consultations immediately on the posts of three Deputy Directors-General (Messrs. Anwarul Hoda, Warren Lavorel and Jesús Seade). In April 1996, the General Council had agreed to a Director-General's proposal that the contracts of these officials, which expired on 31 July 1996, be extended for one year.

The Chairman said he would suggest to his successor, Ambassador Lafer, to consult with Chairpersons of other WTO bodies about ensuring the observance in 1997 of the guidelines for the schedules of meetings adopted in 1995. He noted that the 1996 calendar was extensively modified in the course of the year. Some 2,340 meetings were held in the WTO in 1996, which put delegations under strain and stretched the Secretariat logistics to the limit. □

Council for Trade in Goods

Work to start on trade facilitation

Following the directive by Ministers in Singapore, the Council on Trade in Goods, on 27 January, requested the Secretariat to compile information in respect of work already done or being done on the subject of trade facilitation in other international organizations, including non-governmental organizations. The Council also agreed that at its next meeting, the Secretariat should provide information about the organizations from which it had obtained information as well as areas of trade facilitation in which these organizations had undertaken work.

The Council also adopted a decision that members of the Textiles Monitoring Body serve in their personal capacities. It agreed the terms of reference under which the Committee on Regional Trade Agreements would examine the Free Trade Agreement between Canada and Israel.

At the resumption of its meeting on 12 February, the Council appointed the following chairpersons for 1997:

» Committee on Sanitary and Phytosanitary Measures: Mr. Alex Thiermann (United States)

» Working Party on State Trading Enterprises: Ms. Vibeke Roosen (Denmark)

» Working Party on Preshipment Inspection: Mr. Chiedu Osakwe (Nigeria)

The Council took note of the consensus on the appointment of the following chairpersons for 1997, who will be elected by the respective subsidiary bodies:

» Committee on Agriculture: H.E. Mr. Nestor Osorio Londoño (Colombia)

» Committee on Anti-Dumping Practices: Mr. Kajit Sukhum (Thailand)

» Committee on Customs Valuation: Mr. Tullio Di Pietro (Italy)

» Committee on Import Licensing: Mr. Tomasz Jodko (Poland)

» Committee on Market Access: Mr. Moha Ouali Tagma (Morocco)

» Committee on Rules of Origin: Mrs. Lourdes A. Berrig (Philippines)

» Committee on Safeguards: Mr. Seiichi Nagatsuka (Japan)

» Committee on Subsidies and Countervailing Measures: Mr. Gilles Gauthier (Canada)

» Committee on Technical Barriers to Trade: Mr. Timothy H.M. Tong (Hong Kong)

» Committee on Trade-Related Investment Measures: Mr. Javier Paulinich (Peru) □

DSB establishes five panels

The Dispute Settlement Body (DSB), on 25 February, established five panels, heard two new requests for panels and adopted reports on the Costa Rican complaint against United States' restrictions on imports of cotton and man-made fibre underwear. It elected by acclamation Ambassador Wade Armstrong of New Zealand as Chairman, succeeding Ambassador Celso Lafer of Brazil.

Hungary's export subsidies

Australia, New Zealand, the United States and Argentina reiterated their separate requests, first made at the previous DSB meeting held on 22 January, for the establishment of a panel to examine their complaints against Hungary's export subsidies in respect of agricultural products. However, they hoped that in parallel with the panel, they could continue discussions with Hungary on finding a mutually-acceptable solution to the dispute.

Hungary expressed regret that the complainants had chosen to approach the problem through a panel, which it believed was a mistake. It no longer objected to a panel, but requested consultations on the terms of the reference to take account of what it said were unique circumstances surrounding the case. It added that it was determined to look for a solution outside the panel procedure.

The four countries claim that Hungary provides export subsidies on agricultural products in excess of the budgetary outlay and quantity commitment levels specified in its Uruguay Round schedule, thus contravening provisions of the WTO Agreement on Agriculture. Hungary has maintained its Uruguay Round schedule on agriculture was drawn up erroneously because of political and economic changes in the country that coincided with the multilateral trade negotiations. It has argued that adhering to the erroneously established schedule would jeopardize the survival of agricultural activities in the country.

The DSB established a single panel to examine the complaints, and invited the parties to consult on the panel's terms of reference. Canada, Japan, Thailand and Uruguay reserved their third-party rights to participate in the panel.

Turkey's taxation of foreign film revenues

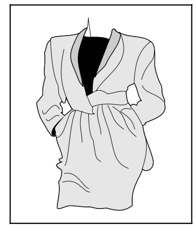
The United States reiterated its request for a panel to examine its complaint against Turkey's taxation of foreign film revenues. At the previous DSB meeting, it claimed that that Turkey maintained a 25 per cent municipality tax on box-office receipts generated from the showing of foreign films but not on receipts from domestic films in contravention of GATT Article III on national treatment.

Turkey said it still hoped that a solution could be found in consultations with the United States.

The DSB established a panel to examine the US complaint, with standard terms of reference. Canada indicated its interest to participate as a third party in the panel proceedings.

Argentina's duties

The United States complained that Argentina imposed duties on imports of footwear, textiles and apparel in excess of Argentina's bound rate of 35 per cent. In addition, it said Argentina imposed a statistical tax of 3 per cent ad valorem on these products. The United States claimed these measures violated Articles II, VII, VIII and X of the GATT, Articles 1-8 of the Customs Valuation Agreement, and Article 7 of the Agreement on Textiles and Clothing, and reiterated its request for a panel to examine its complaint. It added that it remained interested in pursuing bilateral discussions with Argentina on the matter, notwithstanding the establishment of the panel.



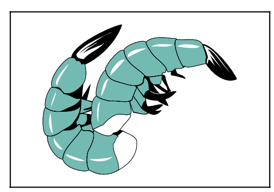
Argentina accepted the establishment of a panel. It said that in previous consultations, it had satisfied the US concern regarding labelling requirements, and hoped that a solution to other issues in the dispute would be found in further consultations.

The DSB established a panel to examine the US complaint. India and the EC reserved their third party rights.

US' import ban on shrimps

Thailand, also speaking on behalf of Malaysia, stressed that they shared the United States' objective of conserving sea turtles as shown by their enactment of laws to this effect. It said what they were concerned with was the extraterritorial and arbitrary way by which the United States was trying to achieve this objective. Thailand charged that the US ban on imports of wild-harvested shrimps from countries that did not have US-compatible laws on preserving sea turtles was against both the letter and spirit of the WTO Dispute Settlement Understanding. It said that the US measure had caused substantial loss of trade in Thailand and Malaysia.

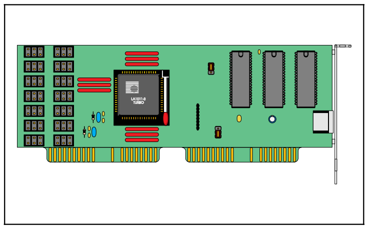
Pakistan joined Thailand and Malaysia in requesting the establishment of a panel. It said its shrimp exports had been adversely affected by the US embargo, and that it was one of the countries that had requested consultations with the United States on this matter in October 1996 but that the consultations had not produced a solution.



The United States said it continued to have questions on this matter, and claimed that the effect on Pakistan's trade was small. However, it would not oppose the establishment of a single panel to examine the three complaints. At the previous DSB meeting, it had said that the import prohibition was the subject of pending litigation in US courts, and that a recent decision by the US Court of International Trade meant that the measure would only have a small effect on trade of Malaysia and Thailand. It also said that the measure did not affect Thailand as that country had been certified with respect to sea turtles.

The DSB established a single panel with standard terms of reference to examine the complaints by Malaysia, Thailand and Pakistan. Australia, Colombia, EC, Guatemala, Hong Kong, India, Japan, Mexico, Nigeria, Philippines, Singapore and Sri Lanka reserved their third party rights to participate in the panel.

EC’s classification of computer equipment



The United States said that in mid-1995, the European Communities issued a regulation reclassifying the customs heading of local area network (LAN) adapter cards, which resulted in new duties on these products that exceeded tariff rates bound in the EC’s schedule. It said that the EC action had adversely affected US trade worth hundreds of millions of dollars. The United States said that as bilateral consultations had not solved the dispute, it had no recourse but to ask for a panel.

In its formal complaint, the United States said that the EC had reclassified LAN adapter cards from the category of “automatic data processing machines” to “telecommunications apparatus”, resulting in an increase of EC duty on these products from 3.5 to 7.5 per cent. The United States said the EC action contravened GATT Article II, and nullified or impaired GATT benefits of the United States.

The EC expressed reservations that the US panel request did not accurately reflect what was discussed in the bilateral consultations. It said that the United States had expanded its complaint to cover all types of LAN equipment, and the whole of the EC instead of just the United Kingdom and Ireland. The EC stressed that the WTO rules provided for a strict relationship between the bilateral consultations and the panel request. However, it said it could accept the establishment of the panel.

The DSB established a panel with standard terms of reference. India, Japan, Korea and Singapore reserved their third party rights at the meeting.

Guatemala’s anti-dumping investigation

Mexico charged that Guatemala’s anti-dumping investigation regarding portland cement from Mexico was inconsistent with GATT Article VI and several provisions of the WTO Agreement on Anti-Dumping Practices. It complained that the initiation of the investigation was based on simple assertions, and that the findings of threat of injury to the domestic industry and establishment of causal relationship between the allegedly dumped imports and injury were not based on required evidence. Mexico said that the anti-dumping investigation should never had been initiated because of inconsistencies with the WTO rules from the very beginning.

Guatemala said the bilateral consultations on the matter were proceeding with Mexico, and thus it could not join a consensus on the establishment of a panel.

The DSB agreed to revert to this matter.

EC’s duties on imports of grains

The United States said it remained very concerned with the reference price system in the European Communities for imports of grains, adding that it it was at a loss on how this system could be consistent with EC’s tariff bindings under the WTO. As consultations had failed, it now requested a panel, which it expected would be established at the next meeting. In its complaint, the United States said the EC used a reference price system in determining duties applicable to imports of wheat, rye, barley, corn sorghum and rice, which it claimed was inconsistent with GATT Articles I, II and VII and the WTO Customs Valuation Agreement.

The European Communities said a panel was premature since bilateral consultations on the matter were in active progress as shown by the presence of EC officials in Washington the day before. It said that the reference price system was aimed at eliminating the risk of fraud. This risk, the EC said, was posed by the particular structure of the US rice industry. It added that it had been consulting with the United States since last autumn, and that it was awaiting US comments on a draft EC legislation on the matter. The EC suggested that the DSB revert to the US panel request in April to give more time to the bilateral consultations.

The DSB agreed to revert to this matter.

Appellate Body report adopted

The DSB adopted Appellate Body report and the panel report, as modified by the Appellate Body, on US restrictions on imports of cotton and man-made fibre underwear.

The Appellate Body concluded that backdating, or the retroactive application of a safeguard measure, is no longer permissible under the WTO Agreement on Textiles and Clothing (ATC). Thus, it sustained Costa Rica’s appeal that the panel had erred in its finding that the United States could backdate its restriction to the date of publication of its notice of consultations with Costa Rica.

On another panel report, that on India’s complaint against the US measure affecting imports of woven wool shirts and blouses from India, the Chairman noted that India had made an appeal to the Appellate Body. The report had concluded that the US restraint violated the provisions of Articles 2 and 6 of the ATC. □

Active WTO Panels

(As of 11 March 1997)

Complainant	Subject of the Complaint
Ecuador, Guatemala, Honduras, Mexico, US	European Communities - Regime for the importation, sale and distribution of bananas
United States	EC - Measures affecting meat and meat products (hormones)
Canada	EC - Measures affecting livestock and meat (hormones)
United States	Canada - Certain measures concerning periodicals
United States	Japan - Measures affecting consumer photographic film and paper
EC	US - The Cuban Liberty and Democratic Solidarity Act
United States	India - Patent protection for pharmaceutical and agricultural chemical products
Argentina, Australia, New Zealand, US	Hungary - Export subsidies in respect of agricultural products
United States	Turkey - Taxation of foreign film revenues
United States	Argentina - Certain measures affecting imports of footwear, textiles, apparel and other items
Malaysia, Thailand, Pakistan	US - Import prohibition of certain shrimp and shrimp products
United States	EC - Customs classification of certain computer equipment

The Netherlands, on January 27, pledged 4 million Dutch Guilders (around $2.3 million) for WTO's technical cooperation activities with developing countries and economies in transition. Above, Ambassador Evelien Herfkens makes the contribution on behalf of the Permanent Mission of the Kingdom of the Netherlands at a signing ceremony at the WTO headquarters. Also shown are Mr. Alberto Campeas, Director of the WTO Technical Cooperation Division, and Mr. Jacques Chabert, Director of the WTO Finance Division. Foreign Trade Minister Anneke Van Dok-Van Weele announced during the Ministerial Conference Netherlands' plans to assist developing countries and economies in transition participate fully in the WTO. (Tania Tang/WTO)

ITA

(Continued from page 1)

approximately 90 per cent of world trade in IT products.

The ITA provides for the submission of draft schedules by 1 March 1997. As of that date, 18 schedules had been received by the WTO Secretariat from the following: Canada, Costa Rica, Estonia, European Communities, Hong Kong, Iceland, India, Indonesia, Japan, Korea, Macau, Malaysia, Norway, Romania, Singapore, Switzerland, Thailand and the United States. The following have indicated their participation and are expected to submit their schedules in the next few days: Australia, New Zealand, Turkey and Chinese Taipei. Israel has also indicated its intention of participating and of submitting a schedule soon.

These ITA provides that by 1 April 1997, the participants should review and approve the schedules on a consensus basis, and determine formally if the 90 per cent threshold for implementation has been reached.

The WTO Director-General, Mr Renato Ruggiero, on 3 March, cited recent progress in efforts to implement the ITA. He said:

"Although we do not yet have an agreement on the removal of tariffs for trade in Information Technology products, the results of the negotiations over the weekend were certainly very encouraging. We now have commitments from countries representing more than 90% of the world market in IT products, putting us over the threshold that was set for an agreement.

"Trade in IT products is valued at over $500 billion, comparable to trade in agriculture. But the importance of the Information Technology Agreement cannot be measured in numbers alone. Taken together with the historic accord on telecommunications reached last month, an ITA holds the potential to unlock enormous gains in development and growth which would benefit all countries, developed and developing alike. Knowledge is the most essential raw material of the global economy and with the progress we have made in these negotiations we are clearly laying the foundation for the trading system of the 21st century."

The ITA covers six main categories of products: computers (including printers, scanners, monitors, hard-disk drives, power supplies, etc.), telecom products (including telephone sets, fax machines, modems, pagers, etc.), semiconductors (including chips and wafers), semiconductor manufacturing equipment, software (e.g. diskettes and CD-ROMs) and scientific instruments. □

MEETINGS

The following is a tentative schedule of WTO meetings.

April	
2-3	Trade Policy Review: Fiji
8	Committee on Market Access
10	Committee on Trade in Financial Services
11	Council for Trade in Services
14	Council for Trade in Goods Committee on Trade and Development
15-16	Working Party on the Russian Federation
17	Working Party on State Trading Enterprises
21-22	Committee on Balance-of -Payments Restrictions (Pakistan)
24	GENERAL COUNCIL
24-25	Ad hoc Group on Implementation
25	Committee on Customs Valuation
28	Committe on Balance-of-Payments Restrictions (Bangladesh)
28-29	Committee on Regional Trade Agreements
28-30	Committee on Anti-Dumping Practices; Committee on Subsidies and Countervailing Measures
29	Working Party on State Trading Enterprises
30	Dispute Settlement Body
30	Working Party on Oman

WTO FOCUS

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