

## Ruggiero cites WTO's record of achievement

WTO Director-General Renato Ruggiero, in his farewell speech to the General Council on 14 April, cited the organization's record of achievement during the past four years—in clud ing the hold ing of two suc cess ful Min is terial Con fer ences, and con clu sion of ma jor ne go tiations on lib eralizing trade in basic tele com mu ni ca tions, fi nan cial ser vices and in for ma tion tech nology.

He said that in the WTO, at the be gin ning, “the at mo sphere was one of hope, but also of scep ti cism, where ev ery is sue was con sid ered a test of cred i bil ity”. Af ter four years, he said WTO mem bers can “look back to gether on a re cord of solid achieve ment—even if it re minds us of how much there is still to do”.

Mr. Ruggiero stressed his deep be lief that “trade unites people, protectionism divides them—and because we op er ate in or der to lib er al ize trade we are unit ing peo ple, and the unity of this room to night is clear that our mis sion is a pos i tive one”.

The current and preceding Chairmen of the General Council led many delegations in commend ing Mr. Ruggiero's con tri bu tions to the mul ti lat eral trad ing sys tem.

The current Chair man, Am bas sa dor Ali Mchumo of Tanzania, com mended Mr. Ruggiero for what he said was “his out stand ing con tri bu tion to the strength ening of the mul ti lat eral trad ing sys tem, the WTO in sti tu tion and the Sec re tar iat”. He said that through Mr. Ruggiero's ef forts “the WTO is now one of the most im por tant in ter na tional or ga ni za tions and has a highly qual ified and in de pen dent Se cre tar iat”.

The 1998 Chair man, Am bas sa dor John Weekes of Can ada, gave Mr. Ruggiero credit for “bring ing the ne go tiations to suc cess ful con clu sions and turn ing this fledgling or ga ni za tion into one with strong roots”. He said that the Di rec tor-Gen eral's many ideas, in clud ing duty-free treat ment for least-de vel oped coun tries made at the Lyon Sum mit, showed his strong lead er ship.

The 1997 Chair man, Am bas sa dor Wil liam Ros sier of Switzer land, said he had been im pressed most by Mr. Ruggiero's “to tal per sonal com mit ment to two prin ci pal causes: first, trade lib er al iza tion, his sac red cause, and sec ond, the in creased par tic i pa tion of de vel op ing coun tries, par tic u lar ly the least-de vel oped ones in the ac tiv i



*Director-General Renato Ruggiero bids farewell to trade ambassadors and WTO staff. He said that members can count on him “to be a strong supporter and advocate of the WTO as it goes on to even greater success in the future”.* (Photo by Tania Tang/WTO)

ties of the WTO and in the ben e fits ac cru ing from trade lib er al iza tion”.

Am bas sa dor Rita Hayes of the United States read the fol low ing mes sage from US Pres i dent Bill Clinton to Mr. Ruggiero: “We thank you for your wis dom and most of all your vi sion, your re spect and pro fes sion al ism and the strength that you have shown in weath er ing the var i ous storms that we have had to tackle to keep this in sti tu tion strong and ready for the 21<sup>st</sup> cen tury”.

Am bas sa dor Mounir Zahran of Egypt said he found in the Di rec tor-Gen eral “some one who sym pa thized with the weaker part of this or ga ni za tion, i.e. the de vel op ing coun tries, and in par tic u lar, the least-de vel oped ones”.

Am bas sa dor Ivan Ma jor of Hun gary, also speak ing on be half of Bul garia, the Czech Re pub lic, Po land, Ro mania, the Slo vak Re pub lic and Slo venia, ex pressed con fi dence that “the ground work laid un der (Mr. Ruggiero's) guid ance is solid enough for the suc cess ful launch ing of a new round of mul ti lat eral trade talks at the end of this year”.

Ambassador Nobutoshi Akao of Japan told Mr. Ruggiero that “the WTO be ing a ne go ti at ing body, we

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## **Record of achievement**

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some times find our selves in an ac ri mo ni ous mood, but on many oc ca sions we were re lieved by your sense of hu mour and the warmth of your per son al ity, which helped us very much in ac com plish ing our task.”

Mr. Ian Wilkinson of the Eu ro pean Com mu nities said that “the world has changed and the WTO is not GATT, and it has been the Di rec tor-General’s role and re spon sibil ity to guide, ca jole, en cour age, per haps even on oc ca sion to coerce us gently into meeting the challenge of tran si tion from GATT to WTO”.

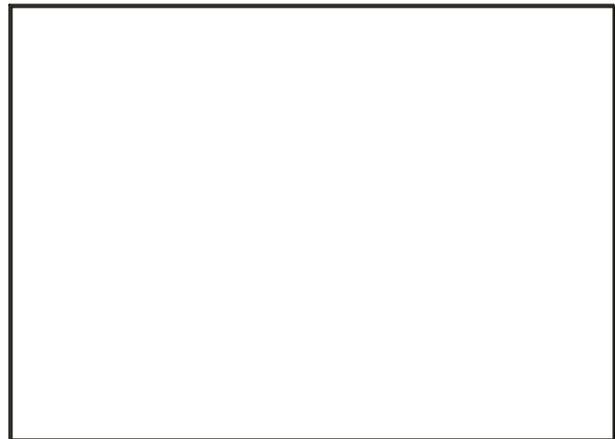
Ambassador Iftexhar Ahmed Chowdhury of Bang la desh com mended the Di rec tor-General for “the fer vour with which he has pur sued the cause of least-developed coun tries, which has spread across the spec trum of ca pac ity-building, mar ket ac cess, tech nol ogy trans fer and debt is sues.”

Am bas sa dor Carmen Luz Guarda of Chile con sid ered valu able Mr. Ruggiero’s “con tri bu tion in many in ter na tional for a, and his vis its to mem ber states, such as my own, which en abled us to im prove the aware ness of the WTO through out the world”.

Ambassador Hamidon Ali of Malaysia said that “the WTO has ben e fit ted im mense ly from Mr. Ruggiero and his lead er ship, and he leaves be hind an ef fi cient and ef fec tive Sec re tar iat which he has shaped dur ing his ten ure as the Di rec tor-General”.

Am bas sa dor Absa Claude Diallo of Sen e gal said that “it is a friend of Af rica who is leav ing, but leav ing the sat is fac tion of hav ing suc cess fully ful filled the dif fi cult task which was his”.

Ambassador Anthony Hill of Jamaica praised Mr. Ruggiero for his “gen er os ity of spirit and a bil liance of mind for the clar ity and sin gle-minded pur suit of his ideas



*Mr. Ruggiero at a farewell reception with (from left) WTO Deputy Directors-General Warren Lavorel, Anwarul Hoda and Chulsu Kim. (Photo by Tania Tang)*

and his ide als... he is a per son we can all ad mire be cause of his in clu sive ness, which did not stop at the idea but which he pur sued by bring ing more and more of the mem ber ship to par tic i pate in the ser vice of this or ga ni za tion”.

Speaking as an observer, Mr. V. A. Fanassiev of the Russian Federation expressed appreciation for Mr. Ruggiero’s “un der stand ing and sup port for the ef forts of ac ceding coun tries to be come mem bers of the WTO”.

Joining in wish ing Mr. Ruggiero well in his future endeavours were Ambassadors Srinivasan Narayanan (India), Roger Farrell (New Zealand), Nestor Osorio Londoño (Colombia), Omer Ersun (Turkey), Munir Akram (Pa ki stan), Man Soon Chang (Ko rea), Kare Bryn (Norway), Silvia Avila Seifert (Bolivia), Mr. Stuart Harbinson of Hong Kong, China, and Messrs. Réналd Clerisme (Haiti), Ric Wells (Aus tra lia), Os car Hernandez (Venezuela), Roberto Recarde (Paraguay), and Ms. Theresa Cutajar (Malta) and Ms. Simone Rud der (Bar bados). □

## **“The rule of law must be a pillar of our globalizing world”**

*The fol low ing are ex cerpts from Mr. Renato Ruggiero’s part ing state ment to the Gen eral Coun cil on 14 April:*

**L**et me be gin by thank ing you all for the sup port, the Lco-operation and the friend ship I have re ceived dur ing my time here. It has been a priv i lege to serve as Di rec tor-General and I am proud of what this Or ga ni za tion has accomplished. When I came here the WTO was four months old; the at mo sphere was one of hope, but also of scep ti cism, where ev ery is sue was con sid ered “a test of cred i bil ity”. Now, after more than four years, I be lieve we are en titled to look back to gether on a record of solid achieve ment – even if it re minds us how much there is still to do.

I would like all of you to re flect that what we have in the WTO is some thing very im por tant and unique. **Firstly**, this is an or ga ni za tion based on con sen sus, a con sen sus which is ne go ti ated here and ap proved and rat ified by gov ernments. This oper at ing prin ciple of ours is at the heart of the WTO’s strength. Un like a vot ing sit u a tion, all

the com bined ne go ti at ing en ergy is di rected to wards find ing an agree ment based on in clu sive ness, not on one side dom i nat ing the other.

**Secondly**, we have the non-discrimination principle. The world would have been a far dif fer ent – and a worse – place if MFN treat ment had not been at the core of the trad ing sys tem for the last fifty years. Cer tainly the ap pli ca tion of the prin ci ple has been less than per fect. But I am pleased that in the WTO’s brief his tory thus far MFN has been re in forced as a fun damental element of the rule-based sys tem.

It is also fun da men tal to the con cept of a set of trade ne go ti a tions as a sin gle un der tak ing, a con cept that I be lieve has also be come one of the se crets of the WTO’s suc cess. It should re main so in the fu ture, pro vided three nec es sary elements of flex i bil ity can be main tained. The first is a con sci entious ap pli ca tion of spe cial and dif fer en tial treat ment for de velop ing coun tries where ever it ap plies; the sec ond is to en sure that our tech ni cal co-op er at ion ef fort is ad e quate – and fi nanced mainly through the reg u lar WTO

budget; and the third is a negotiating device that has been used lately in Basic Telecommunications, Financial Services and the Information Technology Agreement – the concept of the critical mass as an aid to reaching agreements coupled with MFN application of their results.

This combination of equality in commitments with flexibility in implementation is the foundation of the WTO's success in building a respected and credible system which has strengthened the rule of law in international system.

The attention that the WTO dispute settlement system now receives from the world at large is evidence of its importance and its relevance, and this can only increase as trade is sued in tersect more frequently with other public concerns. Every one recognizes, at the dawn of the third millennium, that the rule of law must become the main pillar of an improved management of our globalizing world.

The system's record in these four years is impressive: 168 cases initiated, of which 20 per cent have so far been settled out of court. The average time for completion of disputes cases, including the adoption of the report, is 13 months - which compares favourably with other systems. Of course, like any of our works, it can always be improved, and that is the purpose of the Dispute Settlement Understanding review currently underway. I should also underline the importance I attach to the proposed le-

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*I am leaving with the sadness that is inevitable when one leaves friends, but also with a sense of satisfaction at what we have done together. ..*

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gal centre for developing countries - I think this would make a valuable contribution to improving equality of access to the system in practice.

### Highlights

Mr. Chairman, I will not add to the pressure on the Council's agenda by a lengthy review of our other accomplishments to gether in these four years. Let me just recall some of the high lights:

- We have held two successful Ministerial Conferences, concluded with applause from delegations.
- We have commemorated the fiftieth anniversary of the multilateral trading system, with the participation of Heads of States and Government from all regions, the first time a trade meeting has taken place at such a level.
- The growing rôle of our institution in the management of the world economy has also been recognized by invitations to participate in Summit meetings of the G8, the G15, the Summit of the Americas and Mercosur, as well as many ministerial-level meetings.
- Major negotiations to liberalize trade in basic telecoms, financial services and information technology - equal in importance to a major trade round - have been successfully concluded.
- We have organized a high-level meeting for the least-developed countries which is bearing fruit in practical action. In particular it saw the launching of an integrated programme of technical assistance with other

organizations and initiated a programme to install Internet links between all least-developed countries and the WTO in Geneva.

- An impressive series of symposia have been held, bringing together delegations and interested parties from outside the WTO to exchange views. The most recent and most notable, on trade and the environment and trade and development, were high-level events which brought together 850 people over four days - including 130 non-governmental organizations.
- Cooperation agreements with the UN, the World Bank, the IMF and the WIPO have helped bring about a greatly improved cooperative relationship with these bodies, as well as our close friends at UNCTAD, for the benefit of the WTO's membership.
- We have taken a new departure in the WTO's relations with civil society, through improvements in transparency and dialogue - and not least a highly successful and expanding Website.
- The WTO Secretariat has been established under its own terms and conditions, answerable directly to this Organization's Members.

The WTO can and must play its part in the process of adapting our institutions to a new global reality. Clearly this Organization can not drift away from its trade vocation; it would serve neither the WTO nor other causes if we were to pretend we can offer answers to every non-trade issue. Specific responses must be found for specific problems. But equally clearly the WTO can not operate in isolation from the concerns of the world in which it exists. Reconciling these interests will, I suggest, be one of the major challenges facing the WTO in the future.

### Millennium Summit

I believe the time has come--at the end of the second millennium and the beginning to the third--to promote this initiative at future meetings of world leaders. The Millennium Summit, recently decided upon by the General Assembly of the United Nations, and which was the occasion of a great consultation of the Heads of all international agencies here in Geneva, could be the appropriate occasion to improve the global architecture we need for managing globalization.

The immediate tasks ahead of the WTO are onerous ones - preparing for a very important Ministerial, launching new negotiations and ensuring that they have a balanced agenda, taking account of concerns about the implementation of existing commitments. I am confident that the Organization is more than equal to them. I would like to commend in particular the Secretariat, whose hard work, commitment and integrity has been of immense value to me and to the Members during these four years. I know it will continue to be so. I would also like to pay particular tribute to the interpreters, who lend us their voices.

Lastly, let me thank you all once more, and especially you, Mr. Chairman, and your distinguished predecessors in your important position. I am leaving with the sadness that is inevitable when one leaves friends, but also with a sense of satisfaction at what we have done together. You can count on me to be a strong supporter and advocate of the WTO as it goes on to even greater success in the future. □

## EC studying options in implementing banana rulings

The European Communities, at the meeting of the Dispute Settlement Body (DSB) on 16 June, said that it was in the process of implementing DSB recommendations with respect to Ecuador's complaint against the EC's implementation of previous recommendations concerning its banana import regime. It said that the EC Council was currently examining the following options: a tariff only system with preferences for the ACP countries; a tariff quota system with unlimited volume preferences for ACP countries, and in introduction of a new tariff quota with duty free access for ACP imports.

Ecuador expressed disappointment with the EC's report, adding that it believed that there was no indication that the EC was making a serious effort to comply with the recommendations. Guatemala and Honduras shared Ecuador's concerns.

Under another agenda item, the EC reiterated its request for a panel to examine its complaint against the US decision of 3 March to withhold customs clearance on EC imports valued at \$520 million and to impose 100% duties on these products.

The United States said that the measure in question was to suspend concessions at the time when the arbitrators in the banana dispute would have had its sued their decision. It said that the EC had failed to implement a WTO-consistent banana regime by the deadline of 1 January 1999.

The DSB established a panel to examine the EC complaint. Ecuador, India, Jamaica and Japan reserved their third-party rights to participate in the panel's proceedings.

The DSB also granted two other panel requests that were raised for the second time:

- **Australia - Measures affecting the importation of salmonids.** The US said that the DSB had already adopted findings with respect to a Canadian complaint that Australia's import prohibition on salmon was inconsistent with the WTO. It said that it was asserting its legal right to its own panel as the Australian measure continued to harm US exports. Australia said it was concerned that the panel would have a potentially illegal status.
- **Korea - Measures affecting government procurement.** The United States reiterated its claim that Korea's procurement measures in the construction of the new Incheon International Airport were inconsistent with the Government Procurement Agreement. It believed that the entities responsible for the Incheon Airport's procurement were covered by the Agreement. Korea maintained that the entities in question were not subject to GPA provisions.

The DSB decided to revert to the following panel requests at its next meeting after objections from the subjects of the complaints:

- **Argentina - Measures affecting the export of bovine hide and the import of finished leather.** The EC alleged that Argentina had not taken the necessary steps to liberalize its trade in hides, citing the absence of Argentinian hide exports. It claimed that Argentina's measures were not in conformity with several GATT

1994 provisions, including one against export prohibition of products destined to another member. Argentina expressed surprise at the EC request. It said that after two years of negotiations with the EC, it had modified its system of duties on export of hides. Argentina denied that it maintained a de facto export ban, citing exports of hides to Italy this year.

- **US Anti-Dumping Act of 1916.** Japan claimed that the US law is inconsistent with the WTO's Anti-Dumping Agreement, adding that a court action under this law was underway against affiliates of Japanese companies. The US said that there had been no award of damages under this law since its enactment, thus the trade effects had been minimal. It maintained that the law is consistent with its WTO obligations.
- **US - Definitive safe guard measures on imports of wheat gluten from the EC.** The EC complained that the US safe guard action—in form of quantitative restrictions on wheat gluten for a period of three years—had impaired its trade interest as the main supplier of the product. It claimed that the US action was discriminatory because it favoured another member, Australia, and that US procedures had violated provisions of the WTO Safe guard Agreement. The United States maintained that it implemented the safeguard measure only after an exhaustive investigation, and that it had complied with its WTO obligations.

### *Automotive leather report adopted*

The DSB adopted the report of a panel that had examined a US complaint against alleged Australian subsidies provided to producers and exporters of automotive leather. The US had complained that the government loans amounting to about A\$25 million and grants amounting to A\$30 million to Howe and Company Proprietary Ltd. violated the WTO Subsidies Agreement's prohibition of export subsidies. The panel found that the government loan did not constitute an export subsidy but that the grants did.

Australia said it had decided not to appeal the panel's conclusions simply in order to get rid of a relatively minor issue once and for all. It said it could implement the panel's recommendations but expressed reservations about some of the panel's findings. The EC also expressed reservations about the panel report.

The United States said that despite the "fast-track" time-frame of this case (panels examining allegations of prohibited subsidies are required to submit their reports within 90 days), the panel had come up with a report of high quality. It welcomed most of the panel's conclusions.

### *Surveillance of implementation*

Status reports were also given on the following cases:

- **Argentina - Measures affecting imports of footwear, textiles, apparel and other items.** Argentina said that a decree under which no import transactions covered by the statistical tax would be taxed in excess

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## Egypt

## Reforms to continue

The following are excerpts from the Chairperson's concluding remarks after the second trade policy review of Egypt conducted on 24-25 June:

Members congratulated Egypt on its economic reform initiated in 1990/91, in which trade liberalization had been important; macroeconomic indicators and growth had improved significantly and GDP per capita had virtually doubled. Members felt that for Egypt to achieve its objective of an annual growth of 7-8%, it would need to expand and diversify exports, attract more foreign investment and improve confidence through greater transparency and predictability in its economic environment.

In response, the Egyptian delegate emphasized that reform would continue. Efforts to expand and diversify exports were under way, including through export promotion, but Egyptian exports faced market-access constraints, particularly anti-dumping measures and technical requirements. Investment would be encouraged, including by an increased national capacity, the further removal of restrictions and by improving accountability and predictability of the trade regime.

### Trade policies and practices

Members congratulated Egypt on its wide-ranging trade reform. They noted that most non-tariff barriers had been removed, tariff rates had been reduced and rationalized, although a degree of escalation remained. There was concern that some 12% of applied tariffs appeared to breach WTO bindings.

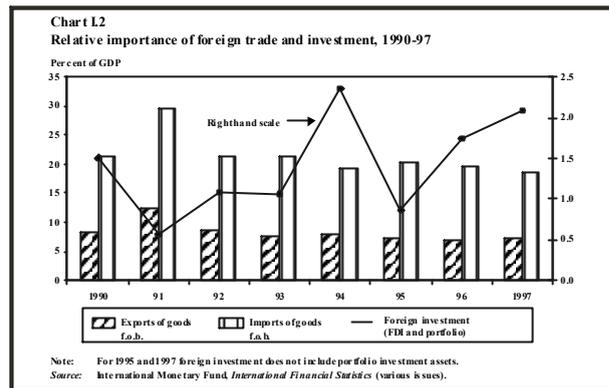
Members commended Egypt for the removal of export controls. Egypt was encouraged to bring its intellectual property rights and trade defence legislation into conformity with WTO Agreements.

In response, the Egyptian delegate noted that special shipment requirements were a response to a surge in imports of counterfeit consumer goods; the requirement would be reconsidered as part of a programme to harmonize rules of origin. Customs ensured that applied tariffs did not breach WTO bindings. Egypt intended the timely implementation of its WTO obligations on TRIPs, Textiles and Clothing, and Customs Valuation. Trade defence legislation had been notified to the WTO, and was applied in accord with multilateral rules.

The Egyptian delegate detailed the application of technical requirements, stressing that most imports were subject to international standards, but he agreed that there was scope for a greater harmonization of domestic standards with international norms.

### Sectoral policies

In agriculture, Members noted that there now remained virtually no controls on trade. Some saw Egypt as having a comparative advantage in exports of horticultural products but wondered about market access for these products. The manufacturing sector was seen as a future area of growth especially in industries such as food processing and textiles and clothing. Some Members asked why tex-



tiles and clothing remained subject to quantitative restrictions and it was noted there appeared to be restrictions on cement and poultry. In the automobile sector, some Members questioned the recent ruling restricting imports of motor vehicles to their year of manufacture.

Services were seen as crucial infrastructural support and their further reform was thought vital for continued economic growth. Financial services and telecommunications were particularly important for attracting foreign direct investment, and a Member urged further liberalization of maritime transport. Members looked forward to Egypt's continued participation in future services negotiations in the WTO.

In response, the delegate from Egypt mentioned various steps being taken to raise productivity in the manufacturing sector. On textiles and clothing, restrictions would be phased out by 2002. All imported goods, including automobiles, had to be new. There were no import restrictions on cement and poultry slaughtered according to Islamic law could be freely imported. In services, he noted that the ongoing liberalization and privatization of key activities allowed Egypt to look forward, in future negotiations, to an opening of markets in areas where it enjoyed a competitive advantage. Liberalization and privatization in agriculture had been far-reaching, the policy focus having shifted from self-sufficiency to food security and export-competitive production. However, Egypt remained deeply concerned that the expectations of net food importing developing countries at the end of the Uruguay Round had not been met.

### Conclusions

In conclusion, it is my feeling that Members greatly appreciated Egypt's reform programme, particularly on the trade front, which had produced results in a relatively short period of time. Not only had economic growth been strong, but Egypt has successfully withstood the effects of external shocks. Egypt's emphasis on a strong social safety net, to support reform, is particularly welcome. Egypt was strongly encouraged to build on these achievements and to accelerate its trade reforms, including by improving the predictability and transparency of its economic environment, which could lead to improved trade and investment flows. It is also my feeling that Members welcomed Egypt's commitment to the multilateral trading system and that the system should support the Egyptian reform effort, particularly by keeping markets open. □

## Members discuss WTO's relationship with environmental agreements

The Committee on Trade and Environment (CTE), on 29-30 June, held an information session with Secretariats of several multilateral environmental agreements (MEAs) to update members on trade-related developments in environmental fora.

Members welcomed the presentations and background documents prepared for the information session with the MEAs, which had been held in conjunction with this meeting. They revealed that trade measures were being used or contemplated to be applied in several MEAs in order to achieve environmental objectives. The point was made that the WTO--as the guardian of the trading system--could not remain unaffected by this development.

The following Secretariats contributed background papers: Commission for the Conservation of Atlantic Marine Living Resources; International Organization for Standardization; Secretariat for the Vienna Convention and the Montreal Protocol; Convention on Biological Diversity and the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Discussions on the relationship between MEAs and the WTO provoked mixed reactions from Members.

Canada's approach to clarifying the relationship between the provisions of the multilateral trading system and trade measures in MEAs was based on the adoption of a "principles and criteria" approach. Canada suggested a number of criteria that MEAs might use in determining the need for trade provisions in environmental agreements, as well as qualifying principles that a WTO panel might consider in reviewing the relationship between trade measures in the MEA and WTO rules. Canada emphasized the very different role that dispute settlement played in MEAs as opposed to WTO Agreements. In Canada's experience, Parties to existing MEAs and countries involved in negotiating new MEAs had not placed a great deal of emphasis on dispute settlement provisions largely because there was no history of them ever being used and little expectation that this situation would change in the foreseeable future. On this basis, Canada continued to support the development of strong and effective compliance regimes in MEAs.

Norway referred to a proposal made in the context of preparations for the 1999 Ministerial and said that the most effective way of solving global/transboundary environmental problems is through international cooperation and multilateral rules, especially multilateral environmental agreements. Such agreements reduce the risk of countries taking measures that have effects on other countries, without their consent. WTO rules and environmental agreements must continue to be on the same level, without a hierarchical ranking. The task ahead would then be to ensure that these two sets of rules are mutually supportive and legally consistent, and that both contribute to sustainable development.

Chile agreed that there was a need for consistency and coherence and was open to the views put forward by Canada and Norway. Japan also supported the view that multilateral cooperation was indispensable to tackle global



*The question is how WTO should deal with trade provisions of international environmental agreements. (ILO)*

environmental problems. A multilateral approach was required to prevent a country from applying a trade-related measure without securing understanding from other countries concerned. This should be facilitated by identifying the relationship between trade-related measures related to MEAs and the WTO, while bearing in mind that trade was only one of many factors causing environmental problems.

The EC remained convinced of the need to accommodate trade measures taken pursuant to MEAs within the WTO. The Biosafety negotiations in Cartagena confirmed that because of their relative lack of control and enforcement capabilities, developing countries were especially vulnerable to some trade-related environmental risks. The establishment of effective international instruments to prevent such risks was therefore particularly important for developing countries. However, this element had not been sufficiently taken into account in the CTE's deliberation on the MEA issue. In fact, there seemed to be a sharp contrast between the position expressed in the CTE by many developing countries and their stance in multilateral environmental negotiations, notably on biosafety and waste.

The EC considered that while CTE's discussions had led to a more systemic consideration of WTO rules in environmental negotiations, the introduction of new provisions in MEAs such as "savings clauses" would weaken the legal effectiveness of MEAs. Furthermore, they implied that MEAs would be subordinated to, or isolated from, other international agreements. There were other solutions available to clarify the relationship between MEAs and WTO Agreements. The notion of mutual supportiveness and consistency should be the fundamental guiding principle in this area.

The EC welcomed the Appellate Body report on the Shrimp-Turtle case, which demonstrated there was broad scope to justify environmental measures under GATT Article XX.

India did not see a need to accommodate trade measures taken under MEAs in the WTO rules and argued that the debate on MEAs was a non-issue, contrary to an

issue such as eco-labelling. The presentations made by MEAs in the Information Session had proved that they were all working effectively without WTO intervention. GATT Article XX allowed for MEAs to take measures necessary for the protection of the environment and did not need amendment. The problem lay in the fact that its Chapeau was used to undermine the principles of the Article, and that developed countries used MEAs as a disguise for introducing a protectionist agenda into the WTO. These views were echoed by several Members. With respect to the Shrimp-Turtle case, developing countries were deeply concerned with the evolutionary theory of interpretation applied by the Appellate Body; it was for WTO Members to interpret such cases.

Brazil endorsed India's comments and stated that the WTO should focus on addressing concrete problems, and not hypothetical ones such as that of MEAs. Venezuela also argued that WTO rules already provided sufficient flexibility for environmental protection measures and considered the DSU to be effective in tackling the environmental issues that had come before it. Egypt and Costa Rica supported these views. Guatemala and Mexico argued that continued deliberations on this issue were needed and Guatemala called for greater cooperation between trade and environment officials. Venezuela and Morocco stressed the importance of providing countries with technical and financial assistance to meet the requirements of MEAs.

Hong Kong, China was willing to reflect upon these issues with an open mind. However, relationships among Members of the WTO were clearly defined by the WTO Agreement. MEAs should not be used as a back door for circumventing any of the WTO commitments. This should form the basis of any guiding principles on the subject. Secondly, the WTO and MEAs were distinct sets of legal agreements and contractual obligations. While there might be some overlap between the membership of the institutions, they were not identical. They had different objectives and different instruments to achieve their goals.

Switzerland welcomed the increasing awareness that MEAs had understandably also to take into account trade aspects when pursuing environmental goals. Even if trade relevant provisions of MEAs were generally not inconsistent with WTO rules and principles, this evolution nevertheless created a growing risk of conflict. Therefore, further clarification of the relationship between WTO rules and those established by MEAs was necessary and only WTO Members should decide on such clarification. The discussion focussed on the following possibilities: (i) amend Article XX, (ii) introduce a "coherence clause", e.g. in form of an Understanding which could be adopted at a Ministerial Conference. Switzerland felt that amending Article XX would open a debate and entail the risk that the whole Article - which was the balanced result of long negotiations - would have to be reconsidered. This was a major disadvantage of this approach. Furthermore, there was no necessity to create a new exception to the application of WTO rules and principles. Rather what was needed was to clarify the relationship between WTO rules and other, eventually conflicting rules and principles. This could be achieved through the adoption of an interpretative "coherence clause."

The US noted that in order to avoid problems with MEAs, some delegates had proposed to negotiate a clear set of rules aimed at ensuring compliance with WTO principles. The US cautioned that this might be too simplistic an approach and that there already existed a broad scope under WTO rules for measures affecting trade under MEAs. The best way to ensure that the WTO and these agreements operated in harmony was to have more in-terchanges between WTO and environmental officials negotiating these agreements. There were no easy answers or blue prints. The US supported Hong Kong, China's concern that MEAs should not be used as a back door to circumvent WTO rules. This might occur mainly due to a lack of cooperation between trade and environment officials, as both had a different set of priorities. The "savings clause" was recognized in the Vienna Convention as a way for parties to an agreement to clarify their intentions vis-à-vis other agreements; which had been used in many agreements and was not a new tool to undercut MEAs. If all parties to a negotiation were clear that no conflict was intended, they could agree to reflect this in a savings clause. This was an effective way of preventing countries from changing their intentions and could prevent disputes from arising and being brought to the WTO. The conflicts that had arisen during the negotiation of the Biosafety Protocol clearly highlighted the need for a savings clause to clarify the basic parameters.

Australia expressed the view that MEAs and the WTO should be able to constructively co-exist and countries should seek to ensure that they were able to fully comply with the obligations under both sets of agreements. A great deal still needed to be done to improve policy coordination. This process had been enhanced by Information Sessions with MEAs. New Zealand stressed that prevention was better than cure. This referred to the prevention of any inconsistencies developing between the work done in the MEA bodies vis-à-vis the WTO rules. There was a need for the principle of coherence to guide activities in the MEA bodies and the WTO.

Morocco noted there were measures in MEAs that were adopted by consensus and ratified by all parties, as in the case of the Basel Convention. Some WTO Members found certain provisions such as one concerning waste, to be discriminatory. Others saw this as a positive step as it contributed towards sustainable development. In this light, a global approach was needed to resolve these issues. Certain provisions in MEAs such as CITES used quotas to penalize countries. Strategies to compensate these countries needed to be developed, along with technical assistance to help them conform to the standards set by MEAs such as the Montreal Protocol. This could only be achieved through a global and balanced approach, taking into account the needs and priorities of developed and developing countries.

### **Other matters**

Discussions were also held on eco-labelling and the environmental benefits of reducing trade distorting subsidies for fisheries. Previous documents on agricultural subsidies were also commented upon. Observership was extended to the UN Framework Convention on Climate Change and the International Commission for the Conservation of Atlantic Tunas. □

## Estonia to become 135<sup>th</sup> WTO member

WTO accession negotiations for Estonia concluded successfully on 21 May after the WTO's General Council adopted Estonia's Working Party Report and Protocol of Accession.

The WTO's General Council concluded that the Working Party on Estonia's accession had completed its work on the package of accession documents (Working Party Report, Protocol of Accession, and Market Access Schedules of Concessions on Goods and Services) allowing Estonia to sign the accession protocol. Estonia will become the WTO's 135th Member 30 days after it notifies the WTO Secretariat that it has completed its national ratification proceedings.

The working party on Estonia's accession to the WTO was established in March 1994 and was transformed into a WTO Working Party in 1995. The Working Party met for the first time in November 1994. In April 1999 it adopted by consensus the draft report, protocol of accession and the schedules of concessions on goods and services. Estonia has agreed to bring its economic and trade regime into conformity with WTO rules and obligations in all areas. It will sign on to all multilateral and plurilateral agreements, i.e. the government procurement agreement and the agreement on trade in civil aircraft, without any transition periods. □

### **DSB** (Continued from page 4)

of the amounts agreed by Argentina and the United States had entered into force at the end of May. It considered that it had fully implemented the DSB recommendations.

- **Indonesia - Certain measures affecting the automobile industry.** In Indonesia said that it had established a new policy that would dismantle the WTO-inconsistent elements of its automotive regime, and that the relevant regulations and decrees would be issued before the end of the month.

### **Hormone meat dispute goes to arbitration**

The DSB, on 3 June, granted an EC request to refer the level of trade damage to United States and Canada from the EC import ban on meat from cattle treated with hormones to arbitration by the original panel.

The United States said that it had requested authorization of the DSB to suspend to the EC tariff concessions amounting to \$202 million. It said that this amount is equivalent to the trade damage resulting from the EC's failure to implement the DSB recommendations by the deadline of 13 May. The United States said that unless the EC contested the amount, the DSB would have to grant its request at that meeting.

Canada sought DSB authorization to suspend tariff concessions against the EC in the amount of Can\$75 million.

The EC objected to the amounts requested by the US and Canada as too high and requested the DSB to refer the amounts to arbitration.

At the previous DSB meeting held on 26 May, the EC said that on 12 May it notified the DSB that it was not in a position to lift its import ban, and that it had intended to study further the results of a risk assessment on meat treated with hormones. The United States expressed disappointment that after 15 months, the EC still had not complied with the DSB recommendations. It said it would request a DSB meeting on 3 June to consider its request for authorization to suspend tariff concessions against the EC. Canada said it would also submit its own request at the 3 June meeting.

At the 26 May meeting, the DSB established two new panels to examine, respectively, the following: the EC complaint against Section 110 (5) of the US Copyright Act; and the US complaint against Korea's measures affecting imports of fresh, chilled and frozen beef. □

*The WTO and the Islamic Development Bank organized the Second Trade Policy Course for English-speaking members of the IDB on 5-24 April at Islamabad, Pakistan. The objective of the course is to develop the skills of IDB members on trade policy issues to facilitate their integration into the multilateral trading system. Participants in the course were officials from Azerbaijan, Bangladesh, Brunei Darussalam, Gambia, Indonesia, Iran, Kyrgyz Republic, Malaysia, Maldives, Pakistan and Turkey, and the IDB. Shown above are Pakistan's Commerce Secretary Mansoor Elahi, Ambassador Mounir Zahran of Egypt and Dr. Ahmad Aftab Cheema of the IDB, who were among the speakers at the course, the participants, and Mr. Dickson Yeboah of the WTO Technical Cooperation Division.*

## WTO FOCUS

Newsletter published by the Information and Media Relations Division of the WTO.

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Web Site: <http://www.wto.org>

ISSN 0256-0119