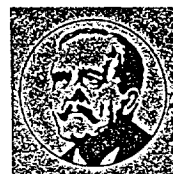




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ISSUES ON THE FUTURE AGENDA OF THE WORLD TRADE ORGANIZATION

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ISSUES ON THE FUTURE AGENDA OF THE WORLD TRADE ORGANIZATION

The Uruguay Round concluded with a series of Multilateral Trade Agreements governing international rules of conduct in the fields of Trade in Goods, Trade in Services and the Trade-Related aspects of Intellectual Property Rights. Complicated mechanisms have been established that must be followed by WTO Members, including a permanent requirement to provide notification about any measures taken by National Governments, so as to make it possible to check their consistency with those agreements, which puts a heavy administrative burden on small countries, in addition to the requirements of the Trade Policy Review Mechanism (TPRM).

In addition, the texts of some of the agreements and Ministerial Decisions and Declarations contained in the Final Act of the Uruguay Round included what might be considered a programme of work for the coming years, adopted for certain issues.

Moreover, some countries expressed the wish, during the final stages of the Uruguay Round, to reach international understandings on other issues in the near future, including the agenda of the Preparatory Committee for the World Trade Organization. These issues include Trade and Environment, and Trade and Competition. At a meeting held in Marrakesh in 1994, the Ministers decided to establish a Committee on Trade and Environment to discuss issues related to those topics (including both trade in goods and trade in services). It was agreed that the Preparatory Committee should be able to add additional subjects that some Members might refuse to include in the future agenda, such as the relationship between the international trading system and internationally recognized core labour standards, trade-related issues and policy on Competition, which includes rules of export financing and export trade practices, Regional Policies, and Trade and Investment.

The table below contains a summary of the main issues in the WTO work programme in line with the decision reached during the Ministerial Meeting for the conclusion of the Uruguay Round (Marrakesh, 1994), as well as the first Ministerial Conference of the World Trade Organization (Singapore, 1996).

The following is a brief presentation of the main issues in the WTO work programme that relate to the ESCWA member countries and the decisions taken regarding them at the above-mentioned first Ministerial Conference.

A. The international trade system and core labour standards

The efforts aimed at including the issue of core labour standards and their relationship to international trade predate the Uruguay Round. The United States of America, with the support of some of the contracting parties of GATT 1947, submitted to the GATT Council a series of proposals aimed at a consensus on the establishment of a working group to study this subject. All these proposals were rejected, yet that did not prevent further attempts to introduce the subject at the level of the GATT Council and committees, where it was again rejected. Developing countries and some industrialized countries viewed the issue as a protectionist ploy aimed at hindering the free flow of

trade and compelling developing countries to adopt specific labour standards within a context of new conditions of access to international markets. This would undermine the comparative advantage enjoyed by developing countries in the production of certain industrial and agricultural products and their export to international markets.

The issue of core labour standards and their relationship to international trade, also referred to as the "social provision", was raised during the final stages of the Uruguay Round negotiations. However, the proposals of the United States of America once again failed to win a consensus, and the Ministerial Meeting held in Marrakesh simply noted the wish of some parties to study this issue in the future, but did not take any decision in that regard.

It is worth mentioning that GATT 1947 contains a partial reference to this subject among the exceptions to its application that allow Contracting Parties to be released from their obligations (article 20, paragraph (e)), wherein it is stipulated that such exceptions include only products connected with prison labour.

In the context of the Preparatory Committee for the first W.T.O Ministerial Conference, it was suggested that this issue should be submitted to the 1996 Singapore Ministerial Conference. However, no draft resolution could be reached on this issue during the preparatory work. Many developing countries and some developed countries objected to the tying of trade issues to core labour standards on the ground that it might have a negative impact on the outcome of the Uruguay Round and the opportunities it provided. Indeed, it would undermine those countries' comparative advantages, since the establishment of such a link would increase their export costs and push them out owing to high prices, and they might face trade restrictions.

The Singapore Ministerial Conference confirmed that the International Labour Organization (ILO) is the competent authority for core labour standards. It affirmed that such standards must not be used as a protectionist tool and agreed that the comparative advantages of low-wage countries, in particular developing countries, must not be impaired. It also drew attention to the ongoing collaboration between the WTO secretariat and ILO in this area.

Thus the Conference did not give the WTO secretariat any authority in such matters, nor did it preclude the raising of this issue again on future occasions.

B. Trade and Environment

Trade and Environment was one of the issues inscribed on the agenda of the Singapore Ministerial Conference as was agreed previously by the Ministers in Marrakesh (April 1995). The Marrakesh Agreement includes a Ministerial Decision on Trade and Environment. This decision is a concern to avoid contradictions between the trading system, the protection of the environment and the promotion of sustainable development, and to ensure that environmental policies do not become protectionist devices.

A Committee on Trade and Environment CTE have been established aiming to:

- to identify the relationship between trade and environmental measures in order to promote sustainable development;
- to make recommendations on whether any modifications to the Multilateral Trading System are required.

Several topics covered by the work of the CTE are important to ESCWA member countries, in particular for petroleum-exporting countries: the relationship between the Multilateral Trading System (MTS) and Multilateral Environmental Agreements (MEAs); eco-labelling, market access, Export of domestically prohibited goods, and charges and taxes for environmental purposes.

As per **the relationship between the MTS and MEAs**, the position of many developing countries vary between preserving the status quo and the waiver approach in case of conflict between the two issues. Some countries believe that GATT94 article 20 is flexible enough to accommodate environmental objectives and other exceptions. Since the conditions contained in that article are intended to prevent the abuse of such exceptions, and it is not advisable to attempt taming this delicate balance. This approach may consider an amendment or collective interpretation to Article 20 would also give environmental protection products over MTS.

As to **Eco-labelling**, it should be noted that still few eco-labelling schemes and programmes in operation in WTO Members, and some countries expressed doubts about them becoming a significant new force in the market. Some delegation feel that a deeper analysis of eco-labelling schemes is required to determine their effectiveness as policy instruments for environmental protection, particularly in view of their potential trade distorting nature. The fast moving changes in the area of ecologically friendly products added by an array of new country-specific schemes of eco-labelling were and are causing a lot of confusion and concerns for the producers and exporters of developing countries i.e. textiles and clothing. New measures in this field create rules and regulations for the environmentally friendly products and production methods without seemingly paying much attention to potential difficulties they may cause in developing countries. The issue of eco-labelling also raises the question of possible equivalencies, based on the comparability of different sources of energy. The treatment of energy related criteria in this context may be of particular interest to ESCWA oil exporting countries in the future meetings of the CTE.

The trade in **Domestically Prohibited Goods**, is an issue of major concern to many developing countries. The work of CTE have not been able to agree on the minimum requirements that would provide the adequate protection to allay the concerns of DCs. Future work of the committee to narrow differences on transparency through notification and providing adequate information to the importers.

Singapore Ministerial Declaration recognized the breadth and complexity of the issues, and that further work needs to be undertaken by CTE reporting to the WTO General-Council.

C. Government Procurement

The Agreement on Government Procurement is one of the Plurilateral Agreements adopted during the Uruguay Round, i.e., one of the four agreements to which accession by WTO member States is optional.

This Agreement is based on the reciprocal right of market access for goods and products bought or imported by government agencies and institutions in the Counteracting Parties to the Agreement, most of which are developed countries. In view of the significance of government procurement in developing countries on the one hand, and the inability of their goods to gain access to government agencies on the markets of the industrialized countries, on the other hand, most developing countries have not acceded to this Agreement for lack of an acceptable balance between their obligations and rights. No ESCWA member country is a Party to this Agreement.

It is worth mentioning that the application of the Agreement on Government Procurement in the services sector has been left to the discretion of developing and developed countries alike. It has been decided, however, that negotiations on this subject will start at a later time in the Committee on Services.

Industrialized Countries have exerted pressure to have the question of compulsory adherence to the Agreement on Government Procurement by all parties placed on the agenda for the coming period, owing to the considerable size of international trade in this area. The issue has been tied to the fight against corruption and bribery in some countries. The Singapore Ministerial Conference agreed to set up a working group to study transparency (information exchange) in government procurement practices. The resulting study would serve as a basis for a future agreement on transparency in that area, taking into account national policies, so as to make possible the granting of preferential treatment to national suppliers in the area of government procurement.

D. Relationship Between Trade & Investment, and Rules of Competition

The Uruguay Round negotiations resulted in an Agreement on Trade-Related Investment Measures (TRIMs) prohibiting restrictions imposing local content requirements in goods for export or prohibiting selling on the domestic market. Such restrictions are considered violations of the GATT regulations, since they involve distortions and obstacles to trade. For this reason, the countries agreed to eliminate such restrictions under the TRIMs Agreement.

Similarly, the covenants contained in the General Agreement on Trade in Services and the acceptance of specific commitments by some members—in connection with the right of establishment in certain sectors or subsectors—give foreign investment the right to a presence on the domestic market in countries that accepted this specific commitment in the services sector.

Nevertheless, the developed countries seek further opening of world markets in the area of investment through the conclusion of a new international agreement on investment similar to the

trade agreements to take the place of bilateral and regional agreements and establish new controls on freedom of investment among the WTO member countries.

The rules of competition contained in the Agreements on dumping and subsidies and certain controls provided for under other agreements limit the adverse effects of free trade that might have harmful implications for competition in the fields of goods and services. In addition, the role played by the United Nations Conference on Trade and Development (UNCTAD) in respect of trade-restrictive practices complements the WTO agreements.

Following intensive discussions during the preparations for the Singapore Conference as well as during the Ministerial meeting, these issues were at the top of the agenda. A compromise formulation was reached which called for the establishment of two working groups: one to examine the relationship between Trade and Investment, and the other, trade-related issues and Competition Policy. The co-operation of UNCTAD and other international institutions in this area was established in the text and the General Council of WTO was given a two-year period to review, discuss and approve by consensus the results of the work of the two groups. The Ministerial Declaration provided that the study of these topics should take into account development conditions in developing countries.

E. Agreement on the Liberalization of Trade in Information Technology Products and Certain Pharmaceuticals

A draft agreement was submitted to the Singapore Ministerial Conference by a group of 28 countries (producing approximately 90 per cent of the world volume of information technology products) on the total elimination of customs tariffs and other duties and taxes in a number of stages beginning in 1997 and ending in the year 2000. The draft specifies the items to be covered by the proposed agreement. In addition, it provides for total exemption from customs duties for more than 400 pharmaceuticals. The countries which endorsed this proposal include the main industrialized countries as well as a group of developing countries that produce these goods (China, India, Indonesia, Romania, Singapore, the Republic of Korea and Thailand) in addition to Hong Kong.

The purpose of this agreement is to enhance efficiency worldwide in the transfer of modern technology by facilitating international trade in these products. The Conference decided to hold a meeting of experts in Geneva in early 1997 to work out the details of the agreement, such as the stages in the gradual elimination of tariffs, duties and other taxes, review and classification of the items covered by the agreement, consultation and settlement of disputes regarding the agreement and acceptance of the agreement by other parties. There is a tendency to apply the most-favoured-nation principle to countries that have not acceded to the agreement in order that products covered by the agreement that are produced by them may be exported to other parties.

The following table shows the main items on the WTO agenda for the coming years:

Table 1. Principal topics on the agenda of the World Trade Organization for the coming years

	Trade in goods	Trade in services	Other topics
	I. Decisions of the Ministerial Meeting and provisions of the Final Act (Marrakesh, 1994)		
1997	- First review of the Agreement on Preshipment Inspection	- Negotiations on government procurement within the framework of the agreement on services - Negotiations on safeguard measures within the framework of the agreement on services - Study of the results of the proceedings of the Committee on Trade and Environment in the area of services	- Review of the agreement on intellectual property rights (TRIPs) in relation to geographic indications
1998	- Establishment of standards for the review of anti-dumping disputes and the application of countervailing measures - First review of the implementation of Agreement on Technical Barriers to Trade - Review of the implementation of the Agreement on the Application of Sanitary and phycosanitary Measures - Negotiations for improving and amending the agreement on Government Procurement (in relation to the parties to the Agreement)		
1999	- Review of the provisions of the Agreement on Subsidies and Countervailing Measures - Start of negotiations with a view to further reform measures in the Agreement on Agriculture		- Review of the provisions on licensing in the agreement on intellectual property - Review of the rules and procedures of the dispute-settlement system
2000		- Start of the first round of negotiations for the improvement of specific commitments in the area of services, with a review of the exceptions to the Most-Favoured-Nation clause in the agreement on services - Establishment of the rules of the system of subsidies and countervailing measures in trade in services	
From 2000 to 2005	- Review of the rules governing the withdrawal and modification of specific commitments		- Start of international review (biennial) of the agreement on intellectual property, including improvement of the rules on geographic indicators
	II. Decisions of the first Ministerial Meeting (Singapore, December 1996)		
1997	- Organization of a meeting with the United Nations Conference on Trade and Development (UNCTAD), with the participation of both international aid agencies and international financial institutions, for the purpose of establishing a programme of work to enable the least developed countries to take greater advantage of the opportunities offered by the new World Trade Organization		

Table 1. (continued)

	Trade in goods	Trade in services	Other topics
1997	<ul style="list-style-type: none"> - Termination of the agreement in principle among some members of the Organization for the elimination of customs duties on information and technology products and a group of pharmaceuticals (400 items), under which all States benefit from exemption under the Most-Favoured-Nation clause 	<ul style="list-style-type: none"> - Conclusion of the negotiations on basic communications - Start of negotiations for improving commitments in the financial services sector - Negotiations on the maritime transport sector, to be conducted during the next round, in the year 2000 	<ul style="list-style-type: none"> - Creation of a working group to discuss the relationship between trade and investment - Another group to study members' proposals regarding trade and policies on competition <p>The two groups work in coordination and cooperation with UNCTAD, provided the question would be submitted to the Council of the World Trade Organization within two years in order that an appropriate decision may be taken by consensus of the members of the organization</p>
1997/1998	<ul style="list-style-type: none"> - Establishment by the Council for Trade in Services, in cooperation with other international organizations, of rules for the simplification of international trade within the framework of the rules of the World Trade Organization - Creation of a working group to discuss transparency of national government procurement policies and establishment of an appropriate agreement based on the results 	<ul style="list-style-type: none"> - Advancement in negotiations and standards for professional services, including accounting, before the end of 1997 - Preparations for negotiations on safeguard systems, government procurement in services, and subsidies 	
<p>Emphasizing the start of studies on information exchange within the framework of the preparations for the drafting of an agenda for the coming Ministerial Meeting (Geneva, 1998), provided would be completed within the time limits agreed on at the Marrakesh meeting in the agreements on agriculture, services and intellectual property. And reviewing another series of agreements, namely those on dumping, customs valuation, dispute settlement, import licensing, preshipment inspection, rules of origin, subsidies and countervailing measures, technical barriers to trade, textiles and clothing, the system for the review of trade policies, trade-related aspects of intellectual property rights and trade-related investment measures</p>			

Indeed, not joining does not mean that they will avoid the negative effects of the new agreements or that they will not be affected by them; on the contrary, the possible adverse effects will extend to non-members as well.