

WORLD TRADE ORGANIZATION

RESTRICTED

WT/MIN(99)/2

8 October 1999

(99-4224)

MINISTERIAL CONFERENCE

Third Session

Seattle, 30 November - 3 December 1999

APPRAISAL OF THE OPERATION OF THE TRADE POLICY REVIEW MECHANISM

Report to Ministers

Chairman: H.E. Mr. Jean-Marie Noirfalisse

I. INTRODUCTION

1. The Trade Policy Review Mechanism (TPRM) was established in 1989 on a provisional basis and confirmed by Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization. Paragraph F of Annex 3 requires that the Trade Policy Review Body (TPRB) "shall undertake an appraisal of the operation of the TPRM not more than five years after the entry into force of the Agreement Establishing the WTO. The results of the appraisal will be presented to the Ministerial Conference. It may subsequently undertake appraisals of the TPRM at intervals to be determined by it or as requested by the Ministerial Conference."

2. The TPRB agreed on 27 January 1999 on a procedure to appraise the operation of the TPRM. Subsequently the TPRB held 12 informal meetings, in the period January to September 1999, and adopted this Report to Ministers on 5 October 1999. The meetings considered issues and proposals brought forward by Members and was assisted by a Secretariat non-paper.

II. TPRM MISSION AND OBJECTIVES

3. The TPRB reaffirmed the relevance of TPRM's mission as defined in Annex 3. The TPRM had been conceived as a policy exercise and it was therefore not intended to serve as a basis for the enforcement of specific WTO obligations or for dispute settlement procedures, or to impose new policy commitments on Members. The Mechanism should continue to focus on improved adherence by all Members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence contribute to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members. Accordingly, the Mechanism enables the regular collective appreciation and evaluation of the full range of individual Members' trade policies and practices and their impact on the functioning of the multilateral trading system. Reviews under the Mechanism should continue to take place, to the extent relevant, against the background of the wider economic and development needs, policies and objectives of the Members concerned, as well as of their external environment. Greater attention should be given to transparency in government decision-making on trade policy matters, in line with Paragraph B of Annex 3.

4. The TPRM had functioned effectively and its objectives were generally being achieved, although not all Members had yet been reviewed. The Mechanism had demonstrated that it had a valuable public-good aspect, particularly in its contribution to transparency. The Mechanism had also

been a catalyst for Members to reconsider their policies, had served as an input into policy formulation and had helped identify technical assistance needs.

5. The TPRB welcomed the resource-saving aspects of using, under the authority of Annex 3, trade-relevant macroeconomic information from other intergovernmental organizations, especially under the aegis of the Marrakesh Ministerial Declaration on the "Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking". Under the implementation of this Ministerial Declaration, information from, and cooperation with, other intergovernmental organizations had been useful to the TPRM and these practices should be pursued. Nevertheless, the different mandates of the WTO and other organizations required that the TPRM maintain its capacity for its own analysis, it being the only multilateral mechanism undertaking comprehensive evaluations of trade policies and their coherence within a given economic setting.

III. PROCESS OF PREPARING REVIEWS

6. The TPRB found that the process of preparing reviews was satisfactory, although it saw room both for further streamlining and for the review process of developing and least-developed countries (LDCs) to give greater attention to technical assistance needs. The entities associated with the Integrated Framework for technical assistance to LDCs were encouraged to take into account the appreciation arrived at by the Trade Policy Reviews for LDCs. In general, present practices regarding Secretariat visits to capitals, and for the drafting and verification of Secretariat reports were thought appropriate. To avoid duplication, and, where relevant, upon authorization by the Member concerned, there should be a two-way flow of information between the Trade Policies Review Division (TPRD) and other parts of the WTO Secretariat, including the Integrated Database; however, this should safeguard restricted information and not affect Members' rights and obligations.

IV. SECRETARIAT AND GOVERNMENT REPORTS

7. The TPRB saw the Secretariat and Government reports as complementary. Governments were free to define the structure and coverage of their own reports, but were encouraged to keep them short, WTO-relevant and forward-looking, highlighting recent trade policy development and future policy directions and their impact on trade.

8. The Secretariat should retain its capacity to prepare autonomous, in-depth reports that allowed the TPRB to arrive at an independent, fully informed evaluation of a Member's trade policies and practices. The present structure and coverage of Secretariat reports was generally satisfactory; care should continue to be taken that the reports achieve an appropriate balance between the traditional and relatively new areas of the WTO. Reports should be WTO-relevant, comprehensive and self-contained. The TPRB saw scope for making the Summary Observations of the Secretariat report more readable and for presenting in relevant parts of the report subsequent developments on issues raised at the previous review.

V. TPRB MEETINGS

9. The TPRB considered that the current frequency of reviews provided a balance amongst numerous competing considerations, including TPRM objectives, particularly the smoother functioning of the multilateral trading system, the need to maintain a realistic workload, and the benefits of reviewing all Members soon.

10. A solution had been found to past frequent rescheduling and "bunching" of TPRB meetings. Nevertheless, the TPRB reiterated the importance for Members under review to respect deadlines, thus avoiding slippages in the overall review programme, and of scheduling TPRB meetings to avoid overlaps with other major WTO meetings. Members should continue to be informed regularly of progress in the review programme and of possible delays affecting it.

11. The TPRB judged two half-days as an appropriate time-span for a TPRB review, and a day-in-between as desirable. More interactive discussion was encouraged, as was greater participation in reviews of smaller Members, if possible at a rank reflecting the high-level representation often sent by Members under review. Reviews could highlight changes since the previous review.

12. The TPRB felt it essential to meet the agreed four weeks lead time for document distribution in all WTO official languages, as active participation in reviews depended on the timely availability of documents. The TPRB favoured flexibility on the lead time to submit written questions, as well as on the role and number of discussants. Current practice concerning minutes of meetings was seen as appropriate, as was the inclusion of written questions and answers in minutes. Members were encouraged to provide written answers whenever possible during the TPRB meetings. Questions left unanswered during the review should be answered in writing, with responses made available to the Membership; on this there should be a regular follow-up by the WTO Secretariat.

VI. DISSEMINATION

13. The TPRB considered present dissemination practices as satisfactory. Members noted the value of building awareness within the wider public of the work of the TPRB. Taking existing publication arrangements and budgetary implications into account, the fullest possible dissemination of reviews was encouraged, particularly through the Internet.

VII. RESOURCES

14. The TPRM absorbs some 5% of the WTO's Annual Budget. By the end of the 1999, the Mechanism will have conducted reviews of 71 Members, counting the European Union as one. The growing WTO Membership and the importance of reviewing all Members, including LDCs, at least once as soon as possible meant that all efforts should continue to be made for maximum efficiency in the use of TPRM resources.

15. Efforts to maximize efficiency might include: (i) a more considered use of grouped reviews; (ii) more frequent use of consultants, with financial resources made available by Members on a voluntary basis, although such bilateral contributions should not replace core budgetary funding for the Mechanism; and (iii) shorter, more focused reports and meetings.

16. To maximize efficiency, in addition, some Members suggested that a change in the review cycle should be considered, but no agreement was reached.

VIII. CONCLUSIONS

- The TPRM is functioning effectively and its mission and objectives remain important.
- All Members, including LDCs, should be reviewed at least once as soon as possible.
- Efforts should continue to be made to achieve maximum efficiency in the use of resources allocated to the TPRM.
- Greater attention should be given to transparency in government decision-making on trade policy matters, in line with Paragraph B of Annex 3.
- Reviews should continue to take place, to the extent relevant, against the background of the wider economic and development needs, policies and objectives of the Member concerned, as well as of its external environment.

- The Mechanism should maintain its capacity to undertake independent analysis, while continuing to use, under the authority of Annex 3, trade-relevant macroeconomic information from other intergovernmental organizations.
 - To avoid duplication, and, where relevant, upon authorization by the Member concerned, there should be a two-way flow of information between the TPRD and other parts of the WTO Secretariat, including the Integrated Database; however, this should safeguard restricted information and not affect Members' rights and obligations.
 - Care should continue to be taken that reports achieve an appropriate balance between the traditional and relatively new areas of the WTO.
 - Further improvements in the focus and readability of reports should continue to be sought.
 - Deadlines for the review process should be met and Members should continue to be informed regularly of progress in the review programme.
 - Steps should be taken to make review meetings more interactive, with greater participation by Members.
 - The TPRB should undertake a further appraisal of the operation of the TPRM not more than five years after the conclusion of the Third WTO Ministerial or as requested by a Ministerial Conference.
-