

Trade Policy Review Body

TRADE POLICY REVIEW MECHANISM

Report of the Trade Policy Review Body for 1998

Chairman: H.E. Mr. Ali Said Mchumo

1. The Trade Policy Review Mechanism was established in the GATT in 1989, following the Mid-Term Review of the Uruguay Round. It has thus been in existence for nine years. Under the Marrakesh Agreement, the Mechanism is to be reviewed at the latest in 1999 ("not more than five years after the entry into force of the Agreement Establishing the WTO"), and consultations to this effect will begin soon. However, Members have kept the Mechanism under frequent review since its inception and a number of procedural improvements have been introduced.
2. This report by the Trade Policy Review Body seeks to provide the Body's annual assessment of the extent and manner in which the TPRM is fulfilling its objectives as stated in the Marrakesh Agreement. The report discusses the Trade Policy Reviews conducted in 1998 and the main issues addressed by them. Tables are annexed showing the Member countries reviewed to the end of 1998, the geographical coverage of the reviews and the proposed programme of reviews for 1999.
3. The TPRB is grateful to Ambassador Anne Anderson (Ireland) for having chaired the TPRB Meeting to review the trade practices of the Solomon Islands, in the unavoidable absence of the Chairperson.

Fulfilling its objectives

4. The objectives of the TPRM are laid out in Annex 3 to the Marrakesh Agreement:

"to contribute to 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 to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members."
5. The TPRM is required over time to regularly review the trade policies and practices of all Members. By the end of 1998, 109 reviews (102 if grouped reviews were counted as single reviews) have been conducted since the formation of the Mechanism, covering 67 Members, counting the European Union as one. The members reviewed represent 84% of world merchandise trade and 61% of the total Membership of the WTO (Annex I). Of the Members reviewed, eight are least developed countries.
6. During 1998, the Trade Policy Review Body conducted 15 reviews, covering 20 Members (Annex II). Of the corresponding 20 Secretariat reports, 13 were entirely prepared by WTO staff¹, while seven were prepared with the collaboration of consultants.² Funding for these consultancies

¹ Australia; Canada; Hong Kong, China; Hungary; India; Indonesia; Jamaica; Japan; Nigeria; South Africa; Trinidad and Tobago; Turkey; and Uruguay.

² Botswana, Burkina Faso, Lesotho, Mali, Namibia, Solomon Islands, and Swaziland.

was provided on a project or trust fund basis by Australia, Denmark, and the United Kingdom. Seven of the 1998 reviews, covering 11 countries, were carried over from 1997.³ All reports involved close collaboration with the authorities of the countries under review. Of the 15 reviews, two were grouped reviews, with South Africa, Botswana, Lesotho, Namibia, and Swaziland forming the first group, and Burkina Faso and Mali comprising the second group. Nine countries were reviewed for the first time, including four least developed countries.⁴

7. In general, procedures for the reviews have been smooth. In most cases, documentation has been provided and questionnaires answered within, or close to, the appropriate time frames; visits to capitals have been productive; and pertinent comments have been provided on Secretariat drafts, enabling the correction of misunderstandings or inaccuracies. The result has been that the quality, content and style of the reviews have been maintained.

8. During the year, a number of reviews have had to be rescheduled for various reasons. Postponements are not desirable and have contributed to a concentration of reviews towards the latter quarter of the year. Due in great part to software upgrading at the WTO, substantial lags have been experienced between review meetings and the publication of reviews. Improved internal arrangements and a new cooperative publishing agreement, reached with an international publishing company, should considerably shorten these lags.

9. The document circulated to Members in July 1998 (WT/TPR/W/20) identified 17 countries for possible review in 1999, of which 10 were to be carried over from 1998. Reflecting both the Secretariat's resources and the increased workload on delegations implied by the 1999 Ministerial Conference and its preparation, the 1999 programme envisages the review of 12 countries (Annex III). The programme includes the reviews of Argentina, Bolivia, Guinea, Egypt, Israel, Nicaragua, Papua New Guinea, Philippines, Romania, Thailand, Togo, and the United States. It is expected that the Secretariat reports for the reviews of Guinea, Papua New Guinea, and Togo will be prepared with the assistance of consultants. Meeting the 1999 schedule should also allow a more evenly spaced programme of reviews in 2000, avoiding the concentration of reviews and delays that have occurred this year.

Utility

10. The clearest value of the Mechanism to Members is the existence of a forum in which Members openly discuss recent developments in their trade policies, which is separate from the dispute and compliance related work of the WTO. The TPRM provides an environment in which Members seek further information about all aspects of each others' trade policies and practices, elicit information and register concerns. The TPR exercise is also useful to individual Members under review in that it provides an independent and objective analysis of trade policies and helps policymakers to develop a better understanding of the impact of different trade policy measures. Members have, in the past, commented on the usefulness of the exercise in improving inter-agency cooperation in their countries and in providing an overall picture of the effect of various trade measures across sectors. In the case of some developing and least developed countries, the TPR has also been valuable in providing technical assistance.

11. The comprehensive coverage of the TPRM provides a basis for analyses of individual countries in the context of the wider patterns of international trade and policymaking. Most recently, in the financial crisis that has affected some Asian and other countries, such analysis has proved

³ Hungary, India, Jamaica, Japan, Nigeria, SACU (South Africa, Botswana, Lesotho, Namibia, Swaziland), and Trinidad and Tobago. Of these seven were carried out by WTO Secretariat Staff.

⁴ Countries reviewed for the first time were Botswana, Burkina Faso, Jamaica, Lesotho, Mali, Namibia, Solomon Islands, Swaziland, and Trinidad and Tobago.

important in the reports and discussions of trade-related issues and challenges facing countries affected by the crisis, particularly Australia; Hong Kong, China; Indonesia; and Japan.

Points emerging in the 1998 Reviews

12. Although each review is country specific and highlights the issues of concern to individual Members, certain common points emerged in a number of reviews in 1998 including:

- trade liberalization and economic reform;
- the financial crisis and the importance of open markets to help resolve it;
- implementation of the Uruguay Round results;
- the balance of rights and obligations in the WTO;
- regional agreements and their interaction with unilateral and multilateral liberalization;
- customs duties and other charges;
- the use of anti-dumping, countervailing and safeguard measures;
- customs valuation and procedures, technical regulations and other non-price factors that might affect trade;
- non-tariff measures;
- subsidies;
- the growing role of service sectors;
- special and differential treatment for developing countries;
- the possible marginalization of least developed countries; and
- technical assistance in implementing the WTO Agreements.

Coverage of Least Developed Countries (LDCs)

13. In its Report to the Singapore Ministerial Conference, the Trade Policy Review Body noted that, "The question of completing the coverage of TPRs, particularly to the smaller developing and least-developed countries, is one which will require particular attention in the preparation of the TPRB timetable". The High-Level Meeting on Least-Developed Countries, held in October 1997, encouraged LDCs to actively seek trade policy reviews and for the WTO to accommodate such requests.

14. Of the 27 least developed countries currently members of the WTO, eight have been reviewed by the TPRB, of which four were reviewed in 1998 (Annex II).⁵ An additional two are expected to be reviewed in 1999 (Annex III).

15. The reviews of LDCs have served mainly as a form of technical assistance, enabling a better understanding of the trade policy structure in place and any shortcomings, as well as its relationship to WTO Agreements. The reviews have also provided a framework for several countries to develop their own mechanisms for examining their trade policies and provides a better understanding of the WTO Agreements, enabling better compliance. In addition, the mechanism allows Governments to identify specific areas where they would require further technical assistance on any of the WTO Agreements.

16. In addition to assistance from consultants, wider coverage of least developed countries, has been facilitated by grouping reviews, where feasible, while respecting the individual nature of the

⁵ The remaining LDC members of the WTO yet to be reviewed by the TPRB are: Angola, Burundi, Central African Republic, Chad, Democratic Republic of Congo, Djibouti, The Gambia, Guinea, Guinea-Bissau, Haiti, Madagascar, Malawi, Maldives, Mauritania, Mozambique, Myanmar, Niger, Rwanda, Sierra Leone, Tanzania, and Togo.

TPR process. The grouped reviews conducted thus far have been well received and suggestions have been made by other Members to conduct similar reviews for other regional groupings.

Conclusions

17. The TPR has continued to fulfil its role as an effective exercise in transparency. The expansion of the coverage of the reviews to deal effectively with areas such as intellectual property and services has continued, while maintaining the quality of the reviews. The process in 1998 has generally been satisfactory, although a number of reviews have been delayed. Postponements are always undesirable and steps are being taken to minimize them. The 1999 programme, in particular, seeks to address this problem and to avoid the concentration of reviews towards the end of the year.

18. Given the limited resources and the growing list of countries to be reviewed annually, it is important that the functioning of the Mechanism be as efficient as possible. The smooth functioning of the TPR process and completion of reviews on time should remain a priority both of the Secretariat and of individual members under review. In particular, the continued active cooperation of the authorities in capitals remains an essential part of the TPR process without which it would lose a great deal of its authority.

Annex I

TRADE POLICY REVIEWS

WTO members reviewed under GATT 1947 and WTO provisions, 1989-1998

Europe/Middle East	Asia/Pacific	Africa	America
Austria ^{1a}	Australia (3) ^c	Benin ^{b, d}	Argentina ^c
Czech Republic ^b	Bangladesh ^{a, d}	Botswana ^b	Bolivia ^a
Cyprus ^b	Fiji ^b	Burkina Faso ^{b, d}	Brazil (2) ^c
European Union (4) ^c	Hong Kong, China (3) ^c	Cameroon ^a	Canada (5) ^c
Finland ^{1a}	India (2) ^c	Côte d'Ivoire ^b	Chile (2) ^c
Hungary (2) ^c	Indonesia (3) ^c	Egypt ^a	Colombia (2) ^c
Iceland ^a	Japan (4) ^c	Ghana ^a	Costa Rica ^b
Israel ^a	Korea (2) ^c	Kenya ^a	Dominican Republic ^b
Norway (2) ^c	Macau ^a	Lesotho ^{b, d}	El Salvador ^b
Poland ^a	Malaysia (2) ^c	Mali ^{b, d}	Jamaica ^b
Romania ^a	New Zealand (2) ^c	Mauritius ^b	Mexico (2) ^c
Slovakia ^b	Pakistan ^a	Morocco (2) ^c	Paraguay ^b
Sweden ^{1 (2)^a}	Philippines ^a	Namibia ^b	Peru ^a
Switzerland (2) ^c	Singapore (2) ^c	Nigeria (2) ^c	Trinidad and Tobago ^b
Turkey (2) ^c	Solomon Islands ^{b, d}	Senegal ^a	United States (4) ^c
	Sri Lanka ^b	South Africa (2) ^c	Uruguay (2) ^c
	Thailand (2) ^c	Swaziland ^b	Venezuela ^b
		Tunisia ^a	
		Uganda ^{b, d}	
		Zambia ^{b, d}	
		Zimbabwe ^a	
15	17	21	17

- () Figures in brackets show the number of reviews where this is greater than 1
¹ Included in EU from 1995
a Reviewed under GATT 1947
b Reviewed under the WTO
c Reviewed under GATT 1947 and the WTO
d Least developed country

Number of reviews conducted at end-1998	=	109
Number of WTO Members reviewed	=	81 out of 132 (counting EU as 15)
	=	61% of WTO Members (of which, 26 in Europe, 17 in Asia/Pacific, 21 in Africa and 17 in America)
Number of WTO Members reviewed	=	67 out of 118 (counting EU as 1)
Number of least-developed WTO Members (*)	=	8
Share of world trade of WTO Members reviewed (excluding significant double counting and EU intra-industry trade)	=	84%

Annex II

TPR Reviews Conducted in 1998

Country ^a	Meeting Date (scheduled)	Review Cycle (years)
Japan (4)	27.01.98	2
India (2)	16.04.98	4
SACU (grouped review)	21.04.98	
South Africa (2)		4
Botswana		6
Lesotho		6 ^b
Namibia		6
Swaziland		6
Nigeria (2)	23.06.98	6
Hungary (2)	07.07.98	6
Australia (3)	30.06.98	4
Solomon Islands	21.09.98	6 ^b
Turkey (2)	12.10.98	4
Jamaica	29.10.98	6
Trinidad & Tobago	12.11.98	6
Burkina Faso (grouped review)	18.11.98	6 ^b
Mali		6 ^b
Uruguay (2)	23.11.98	6
Indonesia (3)	03.12.98	4
Hong Kong, China (3)	07.12.98	4
Canada (5)	15.12.98	2

^a Figures in parenthesis indicate number of reviews completed

^b Least developed country

Annex III

Proposed programme of reviews for 1999

Two-year cycle	United States ¹
Four-year cycle	Israel ¹ , Thailand
Six-year cycle	Argentina ¹ , Egypt ¹ , Romania ¹ , Bolivia, Nicaragua ² , Papua New Guinea ² , Philippines
Least-developed countries	Guinea ¹ , Togo ¹

¹ Brought forward from 1998

² New review requested for 1999