

Trade Policy Review Body

TRADE POLICY REVIEW MECHANISM

REPORT OF THE TRADE POLICY REVIEW BODY FOR 1997

Chairman: H.E. Mr. Munir Akram (Pakistan)

1. The Trade Policy Review Mechanism has now been in existence for seven and a half years. The Marrakesh Agreement envisages an appraisal of its operation at the latest in 1999 ("not more than five years after the entry into force of the Agreement Establishing the WTO"). Members, however, 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 to which the TPRM is fulfilling its stated objectives and its utility to Members. It also discusses programmes and challenges for the future. A table of Trade Policy Reviews to the end of 1997 and the draft programme for 1998 are annexed.
3. The TPRB is grateful to the former Chairperson, Ambassador Anne Anderson (Ireland), and to the present Chairman of the General Council, Ambassador Celso Lafer (Brazil), for having chaired two meetings of the Body in the unavoidable absence of the Chairperson.

Fulfilling its Objectives

4. In framing their expectations of the TPRM, Members are guided by the objectives stated 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. By the end of 1997, 87 reviews have been conducted, covering 61 Members counting the European Union as one (Annex I). The TPRM spotlight has, as noted in the TPRB's report to the Singapore Ministerial Conference (WT/TPR/27), effectively focused on the significant members in the WTO trading system and has illuminated the most salient trends. However, the Mechanism has to run to keep up with the increasing membership of the WTO: since the report to Singapore, membership (counting the EU as one) has risen from 108 to 117 and 32 Governments are in the process of accession.
6. During 1997, eight reviews have been conducted, for Fiji, Cyprus, Paraguay, Benin, Chile, Mexico, Malaysia and the European Union. Four of these have been first-time reviews for the Members

concerned; the others were repeat reviews, the fourth overall in the case of the EU. The review of the EU was the first to be conducted under the "interim review" framework agreed by the TPRB in 1996; as such, it focused on developments in trade policies in the past two years and on selected sectoral issues, rather than being comprehensive in coverage.

7. A number of reviews have been rescheduled either within the 1997 programme or, as noted in Annex II, from 1997 into 1998, for various reasons. Postponement of reviews is always undesirable, due to the effects on the overall programme and frequency of reviews.

8. The programme of reviews for 1998 (Annex II) contains, in addition to the reviews carried over from 1997, provision for reviews of fifteen Members. These comprise one member on the two-year cycle, four reviews on the four-year cycle, five reviews on the 6-year cycle and five reviews of least-developed countries.

9. Generally speaking, procedures for reviews have run smoothly. In most cases, questionnaires have been answered and information provided within, or close to, the appropriate time frames; missions have been productive; and pertinent comments have been supplied on Secretariat drafts, giving the Secretariat the possibility of correcting misunderstandings or inaccuracies. The result has been that the content and style of the reviews continues to improve. The continued active cooperation of delegations and the authorities in capitals is an essential part of the TPR process, without which it would lose a great deal of its authority.

10. In this connection, four other aspects may be stressed. It is recognized that the Secretariat reports and the policy statements by Members complement each other well and provide a firm basis for the discussions in the TPRB. The process has also been favoured with expert discussants who have consistently highlighted, in an effective manner, the principal issues for discussion in each Review. Questions posed by Members in the meetings have been concrete, specific and pertinent. And the level of composition of delegations from members under review continues to be strong, with leadership often at Ministerial or Deputy Ministerial level, or in other cases senior official level, and with delegations including substantial expertise from capitals. All these elements are important in maintaining the strength and credibility of the review process.

Utility to Members

11. As noted in the 1996 Report of the TPRB, there is a clear value for WTO Members in having a forum, separated from the legal, dispute-related work of the WTO, where they can openly discuss all aspects of each other's trade policies and practices, elicit information and register concerns. The TPRM permits not only the "peer pressure" envisaged in its origins but also an assessment by the whole WTO membership of the systemic effects of their trade policies and practices. The mechanism can also provide a valuable input into national policy making, by serving as an independent, objective assessment which can assist governments in pursuing desirable trade policy reforms. Members have also commented on the extent to which the experience of review has helped to strengthen inter-agency discussion and co-operation in their own countries. The TPRM may, in addition, illuminate areas of WTO obligations which may have received insufficient attention and help to ensure that these are addressed; and for developing countries, the mechanism may be an effective contribution to technical assistance efforts.

12. In its report to the Singapore Ministerial Conference, the TPRB noted that, in reviewing a cross-section of countries each year, the TPRM inevitably shows up wider patterns which influence policy approaches in individual Members. The Secretariat has traced these wider patterns in the chapters dealing with "Developments in Trade Policy" in the Annual Reports of the WTO for 1996 and 1997.

The Annual Overview of Developments in the International Trading System, provided for in Section G of the Agreement on the TPRM, may also be used to develop a structured approach to the composite picture emerging from individual reviews and to identify wider themes for consideration by WTO members and committees.

Principal Themes Emerging from 1997 Reviews

13. Each review is specific, and the issues raised in each meeting are necessarily peculiar to the Members concerned. Nevertheless, during the year, a number of common themes have arisen during reviews.

- The macroeconomic and structural context for trade policies, and the relationship among these elements, have consistently been an important theme. In this field, Members have been concerned with the direction of economic and trade reforms, and their effects; the transparency of policy making; the effects of specific incentives on trade, investment, and competition conditions; and any possible reversals stemming from deterioration in economic performance.
- The balance among unilateral (autonomous), bilateral, regional and multilateral strands of trade policy making has been a major theme. Virtually all Members reviewed in 1997 are members of, or potential adherents to, significant regional arrangements. The priority given to, and the relative pace of, regional and multilateral liberalization have been important systemic concerns.
- Generally, there has been a closer link than previously between the discussion of individual Members' trade policies and practices and the implementation of WTO Agreements. Attention has been paid to specific WTO-related aspects of trade policies, inter alia, fulfilment of notification requirements; the evolution of tariffs, including measures introduced under "ceiling" bindings; participation, or moves toward participation, in particular WTO Agreements, including the use of anti-dumping measures, introduction by developing countries of WTO customs valuation methods, and implementation of TRIPS; adaptation of national legislation to WTO requirements, particularly where regional agreements are also concerned; and Government procurement and State trading.
- Sectoral elements of policy discussed in TPRB meetings have included price-related and health measures in agriculture; provisions applied to the automotive sector; and measures related to services, including telecommunications and financial services. The inter-sectoral effects of protective measures have also been highlighted.

Coverage of Least-Developed Countries

14. In its Report to Singapore, the TPRB 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."

15. Up to 1997, the TPRM has covered ten least developed countries (LDCs). For LDCs, the reviews may provide initial contact with the WTO processes, or deepen such contact over an extended period; give a useful occasion for presentation of their trade policies and needs to the other Members of the WTO; and be a gateway to continuing technical cooperation. The Secretariat has, as requested in 1996, attempted to group reviews of LDCs, as well as certain other developing countries, to the extent feasible and logical; the programme for 1998 includes "grouped" reviews of Burkina Faso, Togo, and Mali among LDCs, of the Southern African Customs Union, which includes one LDC (Lesotho), and of Trinidad and Tobago and Jamaica.

16. According to the Agreement on the TPRM, least developed countries are subject to review every six years, or at a longer interval. The conclusions of the High Level Meeting of October 1997 encourage LDCs to seek trade policy reviews and encourage the WTO to accommodate such requests. Out of the 29 LDCs that are currently WTO Members, TPRs have so far covered, are in progress for, or have been requested by, thirteen LDCs (Bangladesh, Benin, Burkina Faso, Central African Republic, Chad, Guinea, Guinea-Bissau, Lesotho, Mali, Uganda, Solomon Islands, Togo and Zambia). Thus sixteen LDC members of the WTO remain to be reviewed: Angola, Burundi, Democratic Republic of Congo, Djibouti, The Gambia, Haiti, Madagascar, Maldives, Malawi, Mauritania, Mozambique, Myanmar, Niger, Rwanda Sierra Leone and Tanzania.

The balance of demands and resources

17. The programme of reviews for 1998 is a substantial increase from 1997 and, indeed, from previous years. As noted above, new requests for reviews have already resulted from the High Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, and more are bound to follow. The continuing challenge is to ensure maximum effectiveness of the human and financial resources used in these circumstances, while maintaining quality.

18. Additional reviews requested have, in some cases, been carried out with the assistance of consultants, under the close supervision of the Secretariat. This has been done in three cases, covering nine Members (Botswana, Lesotho, Namibia and Swaziland in the SACU joint review; Burkina Faso, Guinea, Mali and Togo; and the Solomon Islands). Funding for these consultancies has been provided on a project or trust fund basis from the United Kingdom, Denmark and Australia.

Enhancing awareness of the TPRM

19. During the year, progress has been made in enhancing awareness of the TPRM outside the Geneva circle. Documents distributed for reviews are now more readily available to all delegations in electronic format through the Secretariat's Document Management System. Press briefings are regularly held by the Chair and in some cases by the Members under review. The Summary Observations by the Secretariat, the WTO press release, and the Closing Remarks by the Chair are made available on the WTO Internet home page (<http://www.wto.org>). The process of post-meeting publication has been accelerated, achieving publication of reports by the WTO Secretariat, at least in English, within, on average, two months of TPRB meetings. In addition, TPRs are being made available on-line under the Financial Times Information Service network from the end of November 1997. Discussions are also being pursued with an international publishing company to publish and market Trade Policy Reviews on behalf of the WTO. There is, moreover, a substantial bibliography of academic and journal publications concerning the TPRM, which shows that access to and awareness of the mechanism is growing.

Conclusion

20. During 1997, the TPRM has continued to fulfil its role as an effective exercise in transparency and evaluation of the full range of Members' trade policies. The participation of Members under review has been generally satisfactory, although the postponement of reviews is regretted; adherence to the schedule of reviews, once established, should be taken as a priority by the Members and Secretariat.

21. The expansion of the Mechanism to deal effectively with questions of services, intellectual property and other issues in the WTO agenda has continued. The programme for 1998, comprising 17 review meetings covering 24 members, shows the increasing interest taken in the Mechanism by many Members, including least-developed countries. Taking into account the limited resources of the Secretariat and the growing number of requests for reviews, it is necessary to keep the efficient functioning of the Mechanism under review.

Annex ITrade Policy Reviews Conducted, 1989-1997

Europe/Middle East	Asia/Pacific	Africa	America
Austria ^{1a}	Australia (2) ^a	Bénin ^b	Argentina ^a
Czech Republic ^b	Bangladesh ^a	Cameroon ^a	Brazil (2) ^c
Cyprus ^b	Fiji ^b	Côte d'Ivoire ^b	Bolivia ^a
European Union (4) ^c	Hong Kong, China (2) ^a	Egypt ^a	Canada (4) ^c
Finland ^{1a}	India ^a	Ghana ^a	Chile ^c
Hungary ^a	Indonesia (2) ^a	Kenya ^a	Colombia (2) ^c
Iceland ^a	Japan (3) ^a	Mauritius ^b	Costa Rica ^b
Israel ^a	Korea (2) ^c	Morocco (2) ^c	Dominican Republic ^b
Norway (2) ^c	Macau ^a	Nigeria ^a	El Salvador ^b
Poland ^a	Malaysia (2) ^a	Senegal ^a	Mexico (2) ^c
Romania ^a	New Zealand (2) ^c	South Africa ^a	Paraguay ^b
Slovakia ^b	Pakistan ^a	Tunisia ^a	Peru ^a
Sweden ¹ (2) ^a	Philippines ^a	Uganda ^b	United States (4) ^c
Switzerland (2) ^c	Singapore (2) ^c	Zambia ^b	Uruguay ^a
Turkey ^a	Sri Lanka ^b	Zimbabwe ^a	Venezuela ^b
	Thailand (2) ^c		
15	16	15	15

a Reviewed under GATT 1947.

b Reviewed under the WTO.

c Reviewed under GATT 1947 and the WTO.

1 Included in EU from 1995.

() Figures in brackets show the number of reviews where this is greater than 1.

Annex IIProgramme of trade policy reviews for 1998

Reviews on the two-year cycle:	Canada (interim), Japan ¹
Reviews on the four-year cycle:	Australia, Hong Kong China, Hungary ¹ , India ¹ , Indonesia, Southern African Customs Union ¹ , Turkey
Reviews on the six-year cycle:	Argentina, Ghana, Jamaica with Trinidad and Tobago (grouped review) ¹ , Nigeria ¹ , Uruguay
Reviews of LDCs:	Burkina Faso with Mali and Togo (grouped review), Guinea, Solomon Islands

¹Rescheduled from 1997 programme