

WORLD TRADE ORGANIZATION

G/L/281
26 November 1998

(98-4759)

REPORT (1998) OF THE WORKING PARTY ON STATE TRADING ENTERPRISES

I. ORGANIZATION OF THE WORK OF THE WORKING PARTY

1. The Working Party on State Trading Enterprises was established by the Council for Trade in Goods at its meeting of 20 February 1995, pursuant to paragraph 5 of the Understanding on the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994 (hereinafter "the Understanding"). Membership of the Working Party is open to all Members indicating their wish to serve on it. Observer governments in the General Council of the WTO have observer status in the Working Party. During the period under review (15 November 1997 – 24 November 1998), Mr. Jacques Teyssier d'Orfeuil (France) served as Chairman of the Working Party.
2. The mandate of the Working Party, as set out in paragraph 5 of the Understanding, is: (1) to review notifications and counter-notifications on state trading; (2) to review, in the light of the notifications received, the adequacy of the questionnaire on state trading (BISD 9S/184-185) and the coverage of state trading enterprises notified under paragraph 1 of the Understanding; and (3) to develop an illustrative list showing the kinds of relationships between governments and enterprises, and the kinds of activities, engaged in by these enterprises, which may be relevant for the purposes of Article XVII.
3. This Report is submitted under paragraph 5 of the Understanding. It sets out the activities of the Working Party during the period under review.
4. Participants in the Working Party's meetings to date are: Argentina; Australia; Bangladesh; Brazil; Brunei Darussalam; Canada; Chile; Colombia; Costa Rica; Cuba; Cyprus; Czech Republic; Egypt; El Salvador; European Communities; Hong Kong, China; Honduras; Hungary; India; Indonesia; Israel; Japan; Korea; Malaysia; Malta; Mauritius; Mexico; Morocco; New Zealand; Norway; Pakistan; Peru; Philippines; Poland; Romania; Singapore; Slovak Republic; South Africa; Switzerland; Thailand; Turkey; United States; Uruguay; Venezuela; and Zambia. China P.R., Chinese Taipei, Russian Federation, and Vietnam participated as observers.
5. The Working Party held three formal meetings during the period under review: On 2 April 1998, on 18 September 1998, and on 24 November 1998. The Minutes of the Working Party's meetings are contained in documents G/STR/M/10-12. In addition, the Chairman convened five informal meetings with the objective of advancing work on the tasks mandated to the Working Party in the Understanding.

II. NOTIFICATION AND REVIEW OF MEMBERS' STATE TRADING ACTIVITIES

6. All Members of the WTO are required under Article XVII of GATT 1994 and paragraph 1 of the Understanding to submit annual notifications of their state trading activities. New and full notifications were required in 1995 and every third year thereafter, while in the intervening years an updating notification is to be made indicating any changes since the new and full notification. At two of the three formal meetings, the Chairman made a statement concerning the need for timely compliance with the notification requirements under Article XVII and the Understanding.

7. New and full notifications of state trading enterprises for 1995 have been received from 58 Members. Updating notifications for 1996 have been received from 28 Members, and for 1997 from 29 Members. New and full notifications for 1998 have been received from 9 Members. (See Annex to this Report.)¹

8. At its meeting of 2 April 1998, the Working Party conducted a review of: (1) 1995 new and full notifications from Gambia; Haiti; and Nigeria; and (2) 1997 updating notifications from Australia; Brazil; Hong Kong, China; Hungary; Japan; Singapore; Uruguay; and Venezuela. There was little discussion of the notifications reviewed. Some questions were raised as to whether certain Members making new and full notifications had previously maintained state trading enterprises, and clarification was sought of information in some of the updating notifications. The question and answer documents are carried in the series G/STR/Q1/---.

9. At its meeting of 18 September 1998, the Working Party conducted a review of: (1) 1995 new and full notification from Qatar; (2) 1998 new and full notification from Mongolia; and (3) 1997 updating notifications from Jamaica; Macau; and the Slovak Republic. There was no discussion of the notifications reviewed. One Member did, however, indicate its interest to pose written questions at a later date. The question and answer documents are carried in the series G/STR/Q1/---.

10. At its meeting of 24 November 1998, the Working Party approved its Annual Report to the Council for Trade in Goods for the year 1998.

III. REVIEW OF ADEQUACY OF QUESTIONNAIRE ON STATE TRADING

11. At its meeting of 2 April 1998, the Working Party adopted a revised questionnaire on state trading (G/STR/3). The adoption of the revised questionnaire on state trading represents fulfilment of the second of the three mandates with which Ministers at Marrakesh charged the Working Party. The Working Party also agreed to continue its work, in a way consistent with its mandate, on possible further information needed to enhance transparency. The Council for Trade in Goods approved the revised questionnaire at its meeting of 21 April 1998, after which it was circulated as the basis for the 1998 new and full notifications on state trading. The Working Party also agreed to extend the deadline for submission of the 1998 notifications from 30 June to 30 September 1998.

IV. DEVELOPMENT OF ILLUSTRATIVE LIST OF STATE TRADING RELATIONSHIPS AND ACTIVITIES

12. Regarding the third of the Working Party's specific mandates, the Chairman made a brief report at the meeting of 2 April 1998. He said that considerable progress had been made, and that the outlook

¹ The European Communities and their member States are counted as one Member.

for further work was good. One area on which there were differing positions was whether certain activities should be included in the illustrative list.

13. Two informal meetings were subsequently held, at which a Chairman's text of a draft illustrative list was discussed at length. Despite apparent agreement on the draft illustrative list at the second informal meeting, the Working Party was not able to approve it at the meeting of 18 September 1998.

14. At the Working Party's meeting of 24 November 1998, the United States placed the question of the draft illustrative list on the agenda under 'Other Business'.

ANNEX

**NOTIFICATIONS SUBMITTED BY WTO MEMBERS UNDER
ARTICLE XVII:4(A) OF GATT 1994 AND PARAGRAPH 1 OF THE
WTO UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XVII²**

Status as of 24 November 1998

Member	New and Full Notification (1995)	Updating Notification (1996)	Updating Notification (1997)	New and Full Notification (1998)
Angola				
Antigua and Barbuda				
Argentina	X		X	
Australia	X	X	X	
Bahrain				
Bangladesh				
Barbados	X			
Belize				
Benin				
Bolivia				
Botswana	X			
Brazil	X		X	
Brunei Darussalam				
Bulgaria	X			
Burkina Faso				
Burundi				
Cameroon				
Canada	X	X	X	
Central African Republic				
Chad				
Chile	X	X	X	
Colombia	X	X		X
Congo				
Costa Rica	X	X	X	
Côte d'Ivoire	X			
Cuba				
Cyprus	X			

²An "x" indicates that a notification has been made. This annex no longer considers a new and full notification submitted later than the deadline for updating notifications as responding also to that request for updating notifications.

Member	New and Full Notification (1995)	Updating Notification (1996)	Updating Notification (1997)	New and Full Notification (1998)
Czech Republic	X			
Democratic Republic of the Congo				
Djibouti				
Dominica				
Dominican Republic				
Ecuador				
Egypt				X
El Salvador	X			
European Community	X	X		
Fiji				
Gabon				
Gambia	X			
Ghana				
Grenada				
Guatemala				
Guinea Bissau				
Guinea, Rep. of	X			
Guyana				
Haiti	X	X	X	
Honduras	X			
Hong Kong, China	X	X	X	X
Hungary	X	X	X	X
Iceland	X			
India	X			
Indonesia	X	X		X
Israel	X			
Jamaica	X		X	
Japan	X	X	X	
Kenya				
Korea	X	X		
Kuwait				
Lesotho				
Liechtenstein	X	X	X	
Macau	X		X	
Madagascar				
Malawi				

Member	New and Full Notification (1995)	Updating Notification (1996)	Updating Notification (1997)	New and Full Notification (1998)
Malaysia	X			
Maldives				
Mali				
Malta	X			X
Mauritania				
Mauritius	X	X	X	
Mexico	X			
Mongolia				X
Morocco	X			
Mozambique				
Myanmar				
Namibia	X			
New Zealand	X	X	X	
Nicaragua				
Niger				
Nigeria	X	X	X	
Norway	X	X	X	
Pakistan	X			X
Panama				
Pap. New Guinea				
Paraguay				X
Peru	X	X	X	
Philippines	X	X		
Poland	X			
Qatar	X			
Romania	X	X		
Rwanda				
Saint Kitts & Nevis				
Saint Lucia				
Saint Vincent & Grenadines				
Senegal				
Sierra Leone				
Singapore	X	X	X	
Slovak Republic	X	X	X	
Slovenia	X	X	X	
Solomon Islands				

Member	New and Full Notification (1995)	Updating Notification (1996)	Updating Notification (1997)	New and Full Notification (1998)
South Africa	X	X	X	
Sri Lanka				
Suriname				
Swaziland				
Switzerland	X	X	X	
Tanzania				
Thailand	X	X	X	
Togo				
Trinidad & Tobago				X
Tunisia	X			
Turkey	X		X	
Uganda				
United Arab Emirates	X			
United States	X	X	X	
Uruguay	X		X	
Venezuela	X	X	X	
Zambia	X			
Zimbabwe				
Total*	58/117	28/117	29/117	9/117

* The denominator used here (117) reflects the fact that, for each obligation, the EC submits a single notification that covers all 15 member States. The official total membership of the WTO (132) includes the EC plus the 15 individual member States.
