

REPORT (2002) OF THE COUNCIL FOR TRADE IN GOODS

In accordance with the "Procedures for an Annual Overview of WTO Activities and for Reporting under the WTO" (WT/L/105), the Council for Trade in Goods is to report each year to the General Council on the activities in the Council as well as in the subsidiary bodies. The reports are to be "factual in nature, containing an indication of actions and decisions taken, with cross references to reports of subordinate bodies and could follow the model of the GATT 1947 Council reports to the CONTRACTING PARTIES".

During 2002, the Council for Trade in Goods has met eight times in formal session on the following dates: 22 and 27 March; 2 and 7 May; 23 and 24 May; 13 June; 27 June; 22, 23 and 30 July; 1 and 2 October; and 22 November. The minutes of these meetings are contained in documents G/C/M/59 to 66 inclusive. The following subject matters which were raised and/or acted upon in the Council are included in the report:

1. Election of Chairperson
2. Appointment of officers
3. Status of notifications
4. Periodic reports of the Market Access Committee
5. Waivers under Article IX of the WTO Agreement
6. TRIMs
7. Free Trade Agreements
8. Textiles
9. Trade facilitation
10. Notification by Bangladesh
11. Implementation-related issues
12. Transit issues
13. China Transitional Review Mechanism
14. Panama's Decree on import tariffs for certain milk products
15. Annual reports of CTG subsidiary bodies

1. Election of Chairperson for the Council for Trade in Goods (G/C/M/59)

At its meeting of 27 March, the Council elected H.E. Ambassador Supperamaniam (Malaysia) as its Chairman for 2002.

2. Appointment of Officers for the subsidiary bodies of the Council (G/C/M/59)

At its meeting of 27 March,¹ the Council took note of the consensus on the following persons nominated for election as Chairpersons of its subsidiary bodies:

Committee on Agriculture	Dr Magdi Farahat (Egypt) ²
Committee on Anti-Dumping	Mr. Cristian Espinosa Canizares (Ecuador)
Committee on Customs Valuation	Mr. Raimundas Karoblis (Lithuania)
Committee on Import Licensing	Mr. Hiromichi Matsushima (Japan)
Committee on Market Access	Mr. Joshua Phoho Setipa (Lesotho)
Committee on Rules of Origin	Mr. Stefan Moser (Switzerland)
Committee on Safeguards	Mr. Gustavo Nerio Lunazzi (Argentina)
Committee on Sanitary and Phytosanitary Measures	Mrs. Maria Fe M. Alberto-Chau Huu (Philippines)
Committee on Subsidies and Countervailing Measures	H.E. Mr. Milan Hovorka (Czech Republic)
Committee on Technical Barriers to Trade	Ms. Emily Earl (New Zealand)
Committee on Trade-Related Investment Measures	Mr. Vasilli Notis (Greece)
Working Party on State Trading Enterprises	Mr. Aliyu Muhammed Abubakar (Nigeria)

At the same meeting, the Council agreed to proceed on the understanding that as concerns Vice-Chairpersons, it would be for the subsidiary bodies to decide if they needed a Vice-Chairperson in cases where the option existed under the respective Agreement and/or rules of procedure, and for the respective Chairperson to hold the necessary consultations.

3. Status of Notifications under the Provisions of the Agreements in Annex 1A of the WTO Agreement (G/C/M/62 and 66)

At its meeting of 13 June, the Council took note of document G/L/223/Rev.8 which updated the situation with respect to the status of notifications and Members compliance therewith and included notifications made up to and on 31 December 2001.

At its meeting of 22 November, the Council took note of document G/L/223/Rev.9 which updated the situation with respect to the status of notifications and Members compliance therewith and included notifications made up to and on 30 June 2002.

¹ Committee of Participants on the Expansion of Trade in Information Technology Products (ITA): Mr. Preben Gregersen (Denmark).

² Appointed prior to Chairman Hovorka's consultations.

4. Periodic Reports of the Committee on Market Access (G/C/M/60 and 65)

At its meetings of 2 May and 2 October, the Council took note of the periodic reports (in documents G/MA/114 and 116 respectively) of the Market Access Committee on *inter alia* the requests for waiver extensions and/or waivers made in connection with the transposition or renegotiation of schedules of tariff concessions and/or in connection with the introduction of harmonized system changes into schedules of tariff concessions on 1 January 1996.

5. Waivers under Article IX of the WTO Agreement

(a) Zambia – Renegotiation of Schedule LXXVIII (G/C/M/60 and 65)

At its meeting of 2 May the Council considered a request by Zambia (G/L/537) for an extension, until 31 October 2002. At its meeting on 2 October The Council considered a request for a further extension until 30 April 2003 (G/L/567). At each meeting the Council approved the texts of the draft decisions (G/W/370 and G/C/W/416 respectively), and agreed to transmit them to the General Council for adoption.

(b) Introduction of Harmonized System (HS) 1996 changes in WTO Schedules of Tariff Concessions – Requests for a waiver (G/C/M/60 and 65)

At its meeting of 2 May, the Council considered requests from 13 Members for waivers in connection with the introduction of HS96 changes to their Schedules of Accessions. The Council approved the waiver requests and recommended that the draft decisions be forwarded to the General Council for adoption. At its meeting of 2 October, the Council considered seven requests for waiver extensions in connection with the introduction of HS96 changes. The Council approved the extensions until 30 April 2003 and recommended that the relevant draft decisions be forwarded to the General Council for adoption.

(c) Transposition of Schedules into the Harmonized System – Requests for extension of the waiver from Nicaragua and Sri Lanka (G/C/M/60 and 65)

At its meeting of 2 May, the Council considered requests by Nicaragua (G/L/515) and Sri Lanka (G/L/516) for an extension until 31 October 2002 of waivers already granted in connection with the transposition of their schedules into the Harmonized System. The Council approved the texts of the draft decisions on the waiver extension in G/C/W/351 (Nicaragua) and G/C/W/352 (Sri Lanka), and agreed to transmit them to the General Council for adoption.

At its meeting on 2 October, the Council considered a request from Sri Lanka for a further extension until 30 April 2003 (G/L/565). The Council approved the text of a draft decision (G/C/W/415/Rev.1) and agreed to transmit it to the General Council for adoption.

(d) Introduction of Harmonized System 2002 changes into WTO Schedules of Concessions (G/C/M/60, 63 and 66)

At its meeting on 2 May, the Council recommended that the draft decision contained in document G/C/W/367 be revised along agreed lines and forwarded to the General Council for adoption as document G/C/W/367/Rev.1.

At its meeting on 27 June, the Council considered a waiver request by Romania (G/L/553) and approved a draft decision in document G/C/W/383 and proposed that it be forwarded to the General Council for adoption.

At its meeting on 22 November, the Council recommended that the draft decision contained in document G/C/W/436 and Corr.1 be forwarded to the General Council for adoption.

- (e) WTO Agreement on Customs Valuation – Request for a waiver by El Salvador (G/C/M/61 and 63)

At the meeting on 24 May, the Council took note of a request by El Salvador for a waiver with respect to the application of minimum values (G/C/W/372). At its meeting on 27 June, the Council considered the relevant draft decision (G/C/W/388) and recommended that the request, together with the decision, be forwarded to the General Council for adoption.

- (f) WTO Agreement on Customs Valuation – Request for a waiver by Côte d'Ivoire (G/C/M/62)

At the meeting on 13 June, the Council considered the request with respect to the application of minimum values (G/C/W/301/Add.2) and agreed to forward the request and the draft decision (G/C/W/385) to the General Council for adoption.

- (g) Request for a WTO waiver – New EC special tariff arrangements to combat drug production and trafficking (G/C/M/62 and 65)

At the meeting on 13 June, the Chairman recalled that under Other Business at the 24 May meeting of the Council he made a statement with respect to the report of the CTG to the General Council on this waiver request. In view of the lack of agreement on this item, he announced his intention to hold open-ended consultations. At the meeting of 2 October, the Chairman noted that the General Council Chairman had encouraged the CTG to persevere in their efforts to reach agreement on a report of the CTG to the General Council. The Chairman noted that he would revert to this item as soon as practicably possible.

- (h) Waiver request from Canada, Japan, Sierra Leone, Philippines, Thailand, United Arab Emirates, Australia and Brazil – Kimberley Process Certification Scheme for rough diamonds (G/C/M/66)

At its meeting on 22 November the Council took note of the statements made.

6. TRIMs Agreement

- (a) Review of the operation of the TRIMs Agreement under Article 9 (G/C/M/59, 60, 62, 64, 65 and 66)

At its meetings on 22 March, 2 May, 13 June, 23 July, 2 October and 22 November, the Council took note of the statements made regarding, *inter alia*, the joint WTO/UNCTAD study on trade-related investment measures and other performance requirements (G/C/W/307 and Add.1) and the submission by Brazil and India in G/C/W/428.

- (b) Implementation issues related to TRIMs (G/C/M/59, 60, 62, 64 and 66)

At the meeting of 22 March, the Council discussed how to handle the outstanding implementation issues related to the TRIMs Agreement (tires 37-40 of Job(01)/152/Rev.1). At the meeting of the Council on 7 May, the CTG took the following decision: "Members agree in accordance with Article 7.2 of the TRIMs Agreement, the CTG will assign to the Committee on TRIMs the responsibility for conducting the work on the outstanding implementation issues contained

in tirets 37-40 of document JOB(01)152/Rev.1. The TRIMs committee shall report regularly on the progress of its work to the CTG, which will report to the Trade Negotiating Committee in accordance with paragraph 12 of the Doha Ministerial Declaration."

At its meetings on 13 June and 23 July, the Chairman of the TRIMs Committee reported on the progress of its work to the CTG. The Council took note of the reports and the statements made.

At its meeting on 22 November, the Council took note of the final report of the TRIMs Committee on work on outstanding implementation issues. The Council transmitted the report of the TRIMs Committee as its own report to the TNC in accordance with paragraph 12(b) of the Doha Declaration.

7. Free Trade Agreements (G/C/M/59 and 61)

At its meetings on 22 March and 24 May, the Council adopted the terms of reference under which the CRTA should examine the following agreements:

- (a) Free Trade Agreement Between Slovenia And Bosnia And Herzegovina - Notification From The Republic Of Slovenia (WT/REG131/N/1, WT/REG131/1)
- (b) Free Trade Area Between The EFTA States And Croatia - Notification From The Parties To The Agreement (WT/REG132/N/1, WT/REG132/1)
- (c) Free Trade Area Between The EFTA States And Jordan - Notification From The Parties To The Agreement (WT/REG133/N/1, WT/REG133/1)
- (d) Free Trade Agreement Between Turkey And Slovenia - Notification From The Parties To The Agreement (WT/REG135/N/1, WT/REG135/1)
- (e) Free Trade Area Between The United States And Jordan - Notification From The Parties To The Agreement (WT/REG134/N/1 And Corr.1, WT/REG134/1)
- (f) Free Trade Agreement between Chile and Costa Rica – Notification from the parties to the Agreement (WT/REG136/N/1, WT/REG136/1)

8. Textiles

- (a) Major review of the implementation of the Agreement on Textiles and Clothing during the second stage of the integration process pursuant to Article 8.11 of the ATC (G/C/M/59, 60, 61, 62 and 64)

The CTG held three formal meetings in September and October 2001 to conduct the major review, as required by ATC Article 8.11 (G/C/M/51, 52 and 56). Thereafter a series of informal consultations were held with a view to preparing a report for consideration by the CTG. Progress in these consultations was reported to the Council at its meetings held on 22 March, 2 May, 24 May and 13 June. The Council took note at each of these meetings of the statements made. At the meeting of 23 July the Council took note of the statements made and adopted the report on the major review.

- (b) Doha Ministerial Decision on Implementation-related Issues and Concerns: Request to the CTG to examine proposals contained in paragraph 4.4 and 4.5 relating to the Agreement on Textiles and Clothing (WT/MIN(01)/17) (G/C/M/60, 61, 62 and 64)

The Council conducted an examination of the proposals through a process of formal meetings combined with informal consultations. The situation in these consultations was reported to the Council at its meetings held on 2 May, 24 May, 13 June and 23 July. At the Council's meeting on 30 July, the Chairman stated that, due to the fundamental differences of views, he was not in a position to put a draft report with recommendations before the CTG, and that he would report this situation to the General Council on 31 July. The Council took note of the statements made at each meeting and agreed to the Chairman's proposal.

- (c) Request by Costa Rica, India, Indonesia, Pakistan, Peru and Hong Kong, China: CTG'S oversight function pursuant to Article IV of the Agreement establishing the WTO – transparency regarding new restrictions on textile and clothing products commented upon by the Textiles Monitoring Body (G/C/W/260/Rev.1), (G/C/M/59, 60, 61, 62 and 64)

At its meetings of 22 March, 2 May, 24 May and 13 June, the Council took note of the statements made and at its meeting on 23 July, the Council took note of the Chairman's report.

9. Trade Facilitation (G/C/M/59, 61, 64 and 65)

In accordance with the mandate contained in paragraph 27 of the Doha Ministerial Declaration ([WT/MIN\(01\)/DEC/1](#)), at its meeting on 22 March, the Council agreed on a work programme for 2002 to address the following three core agenda items: (i) GATT Articles V, VIII and X each to be addressed in consecutive meetings; (ii) as a standing item, trade facilitation needs and priorities of Members, particularly of developing and least-developed countries; (iii) as a standing item, technical assistance and capacity-building.

At its meeting on 23 and 24 May, the Council discussed proposals³ by several delegations on how to improve and clarify GATT Article X (Publication and Administration of Trade Regulations). The proposals covered various means to improve transparency such as the installation of enquiry points, the introduction of an advanced ruling system, the more systematic consultation between customs administrations and traders and the establishment of effective appeal procedures. Some delegations stressed the need for proposed measures to address issues such as implications for human and financial resources as well as differences in levels of development and corresponding different needs among Members. Members also discussed ways to identify their trade facilitation needs and priorities and in relation to technical assistance and capacity-building identified elements – including coherence, coordination and targeting of audience and area covered – essential for the successful execution of assistance activities. The Council took note of the proposals and the statements made.

At its meeting on 22 and 23 July, the Council discussed a number of proposals on how to clarify and improve GATT Article VIII (Fees and Formalities connected with Importation and Exportation). Among the suggestions were the simplification, standardization and streamlining of import/export procedures, the use of international standards and instruments, commitments on fees and charges, the acceptance of relevant commercially available information, the reduction of data requirements, the enhanced utilisation of automation and the use of risk-assessment, pre-arrival processing and post-auditing and the incorporation of basic GATT/WTO principles such as non-discrimination, transparency and proportionality to govern the operation of relevant provisions of GATT Article VIII. During the discussion, questions were raised relating to the implementation of the proposed measures as well as to the challenges faced by many Members in their efforts to facilitate

³ For an overview of all proposals by delegations in the discussion on trade facilitation, see document *"Review, clarification and improvement of GATT Articles V, VIII and X – Proposals made by Delegations"* (G/C/W/434).

trade such as the need to safeguard customs revenue, infrastructural deficiencies and security concerns. Under the second core agenda item, the Council discussed ways to advance the identification of Members' trade facilitation needs and priorities. With respect to technical assistance and capacity-building, the Council took note of the activities of some Members and of the Secretariat. The Council took note of the proposals that were submitted and of the statements that were made.

At its meeting on 1 and 2 October, the Council discussed several proposals on how to clarify and improve GATT Article V (Freedom of Transit). There was broad agreement on the existence of problems in the area of transit, especially for landlocked countries. The proposals underlined the necessity of strengthening and operationalizing Article V provisions by introducing new binding rules. Some Members also made reference to the mutually reinforcing nature of facilitation and better control/security, to attracting investment and improving overall economic stability. Some delegations questioned the need for a rule-making exercise and underlined the limited implementation capacities of a number of Members. Some Members expressed a preference for trade facilitation measures to be undertaken autonomously. Regarding the identification of Members' trade facilitation needs and priorities, some Members referred to the need to complete the harmonization work programme on non-preferential rules of origin as an important trade facilitation measure. Regarding technical assistance and capacity-building, Members emphasised the importance they attached to this subject and to the work being done by bilateral donors and international organizations in this area, and underlined the need to link WTO technical assistance to broader programmes through cooperation and coordination with other international organizations and donors. It was stressed that work in this area should progress in parallel with the substantive part of the discussions in the Council, in order to develop a technical assistance work programme directed both to providing guidance and to building capacity to implement thereafter the eventual results. The Council took note of the various submissions that were made and of the statements by delegations.

10. Notification by Bangladesh under Section C of Article XVIII of the General Agreement on Tariffs and Trade 1994 and the Decision of 28 November 1979 on safeguard action for development purposes (G/C/M/59 and 60)

At its meetings on 22 March and 2 May, the Council took note of statements made with respect to the notification by Bangladesh (G/C/7).

11. Implementation-related issues arising from paragraph 12 of the Doha Ministerial Declaration (WT/MIN(01)/DEC/1) (G/C/M/59)

The Council took note of the statements made with regard to a number of implementation issues concerning textiles, TRIMs and tire 99 in document Job(01)/152/Rev.1.

12. Transit issues (G/C/M/59 and 65)

- (a) Request by Slovenia – Consideration of Croatian ban on road transit of crude oil and oil products

At its meeting on 22 March, the Council took note of the statements made.

- (b) New Panama Canal transit tolls – Communication from Ecuador

At its meeting on 2 October, the Council took note of the statements made.

13. China Transitional Review Mechanism in connection with paragraph 18 of the Protocol on the Accession of the People's Republic of China (G/C/M/61, 61, 64, 65 and 66)

At its meetings on 24 May, 13 June, 23 July and 2 October, the Council took note of the statements made with respect to China's transitional review, which was due to take place in the CTG on 22 November 2002.

At its meeting on 22 November, the Council took note of the reports of the CTG subsidiary bodies which had carried out their reviews and carried out the CTG-specific review with respect to the information requirements stipulated in Annex 1A of the Protocol of Accession. The Council agreed to send the report, together with the reports of the subsidiary bodies, to the General Council.

14. Request by the European Communities – Panama's Decree on import tariffs changing the tariffication for certain milk products (G/C/M/66)

At its meeting on 22 November, the Council took note of the statements made.

15. Consideration of annual reports of subsidiary bodies of the Council for Trade in Goods (G/C/M/66)

At its meeting on 22 November, the Council took note of the annual reports of its subsidiary bodies.
