

WORLD TRADE ORGANIZATION

G/L/198

17 November 1997

(97-5029)

REPORT (1997) 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 on 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, Mr. Peter May (Australia) and Mr. Jacques Teyssier d'Orfeuil (France) respectively 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 (November 1996 - November 1997).

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 and their member States, Hong Kong¹, 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, Chinese Taipei, Russian Federation and Vietnam participated as observers.

5. The Working Party held three formal meetings during the period under review: on 18 February 1997, 18 July 1997 and 14 November 1997. The Minutes of the Working Party's meetings are contained in documents G/STR/M/7 - 9. In addition, the Chairman convened seven 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 are required under Article XVII of GATT 1994 and paragraph 1 of the Understanding to submit annually notifications of their state trading activities. In the first and fourth years, "new and full" notifications are required, while in the intervening years an updating notification

¹The name of this Member has changed to "Hong Kong, China" as from 1 July 1997.

is to be made indicating any changes since the full notification. At each of the three meetings, the Chairman made a statement concerning the need for timely compliance with the notification requirements under Article XVII and the Understanding.

7. Since the first request for "new and full" notifications of state trading enterprises was circulated (in March 1995), such notifications have been received from 55 Members, counting the European Communities and their member States as one. Updating notifications for 1996 have been received from 28 Members, and for 1997 from 16 Members. (*see* the Annex to this report)

8. At its meeting on 18 February 1997, the Working Party conducted a review of: (1) new and full notifications from Côte d'Ivoire, El Salvador, Iceland, Israel, Jamaica, Slovenia and Tunisia; updating notifications from Colombia, Indonesia, Japan, Slovak Republic, South Africa, Thailand, Peru and the United Arab Emirates. A number of Members raised detailed questions on some of the notifications, both new and updating, and the Chairman commented that some of these questions seemed of the nature of counter-notifications, of which to date none had been made.

9. At its meeting on 18 July 1997, the Working Party conducted a review of new and full notifications from Botswana, Bulgaria, Mexico, Namibia and Venezuela, as well as of updating notifications from Hungary, Korea, Mauritius, Pakistan and the Philippines. One delegation raised the issue of the delay in written responses to written questions submitted on the notifications, and the Chairman stressed the need for the written question-and-answer process to proceed in a timely fashion. The question and answer documents are carried in the series G/STR/Q1/---.

10. At its meeting on 14 November 1997, the Working Party conducted a review of new and full notifications from Liechtenstein and Zambia, and reviewed updating notifications from the following Members: Argentina, Canada, Chile, New Zealand, Norway, Peru, Romania, South Africa, Switzerland, Thailand, Turkey and the United States. A number of questions were put on several of the notifications, and there was an exchange of views on whether or not, under certain circumstances, the granting of licences under tariff rate quotas may constitute an exclusive or special right or privilege in the sense of Article XVII or the Understanding.

III. Mandated work programme of the Working Party

11. Regarding its mandated work programme, the Working Party decided at its meeting in February 1996 that substantive work on the revision of the 1960 questionnaire on state trading and the development of an illustrative list would be taken up in informal consultations open to any Member wishing to participate.

12. At the meeting on 18 February, the Chairman reported to the Working Party on the informal consultation he had just held on the two issues. He said that while there were still problems to resolve, it appeared that the Group was close to reaching consensus on a draft text of a revised questionnaire (subsequently circulated as G/STR/W/30/Rev. 1) that could be put to the Working Party and considered for adoption. He also reported that while work on the illustrative list had not kept pace with that on the questionnaire, there were proposals on the table and it was hoped that a working text of an illustrative list could soon be developed.

13. At the meeting on 18 July, the Chairman reported to the Working Party on the two informal consultations he had held on the two issues. He said that the earlier prognosis for consensus on the draft revised questionnaire had proved to be too optimistic. While good progress had been made on some parts of the text, other parts - particularly the type of statistical information to be requested in the questionnaire - were proving quite difficult. He would continue the informal consultations and

was encouraged by participants' commitment to resolve the outstanding differences. He also recalled the need for parallel work on the illustrative list and the questionnaire.

14. At the meeting on 14 November, it was stressed by a number of Members that the development of an illustrative list should assist in clarifying what constituted an exclusive or special right or privilege in the sense of Article XVII and the Understanding. The Chairman made a progress report on the informal consultation he had held on the two issues. He said that good progress has been made on the revised draft questionnaire and that it seemed possible to reach agreement on a final text in the near future. Work was also accelerating on an illustrative list, and a consolidated draft text would be considered at the next informal meeting. He would continue his informal consultations and hoped to see both tasks completed by the early part of 1998, in order to enable a revised questionnaire to be put in place for the submission of new and full notifications due in 1998.

ANNEX

NOTIFICATIONS² SUBMITTED BY WTO MEMBERS UNDER
ARTICLE XVII:4(a) OF GATT 1994 AND PARAGRAPH 1 OF THE
WTO UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XVII

Status as of 10 November 1997

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

²An "x" indicates the notification has been made. Where a "new and full" notification was submitted later than the deadline for updating notifications, it was considered as responding also to the relevant request for updating notifications.

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

Member	New and Full Notification	Updating Notification (1996)	Updating Notification (1997)
Liechtenstein	X	X	X
Macau	X		
Madagascar			
Malawi			
Malaysia	X		
Maldives			
Mali			
Malta	X		
Mauritania			
Mauritius	X	X	X
Mexico	X	X	
Mongolia			
Morocco	X		
Mozambique			
Myanmar			
Namibia	X		
New Zealand	X	X	X
Nicaragua			
Niger			
Nigeria			
Norway	X	X	X
Pakistan	X	X	X
Panama			
Pap. New Guinea			
Paraguay			
Peru	X	X	X
Philippines	X	X	
Poland	X		
Qatar			
Romania	X	X	X
Rwanda			
Saint Kitts & Nevis			
Saint Lucia			
Saint Vincent & Grenadines			
Senegal			

Member	New and Full Notification	Updating Notification (1996)	Updating Notification (1997)
Sierra Leone			
Singapore	X	X	
Slovak Republic	X	X	
Slovenia	X		
Solomon Islands			
South Africa	X	X	X
Sri Lanka			
Suriname			
Swaziland			
Switzerland	X	X	X
Tanzania			
Thailand	X	X	X
Togo			
Trinidad & Tobago			
Tunisia	X		
Turkey	X	X	X
Uganda			
United Arab Emirates	X	X	
United States	X	X	X
Uruguay	X		
Venezuela	X		
Zambia	X		
Zimbabwe			
Total*	55/117	28/117	16/117

*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.