

WORLD TRADE ORGANIZATION

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(03-6152)

REPORT (2003) 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 (19 November 2002–11 November 2003), first Mr. Aliyu Abubakar (Nigeria), and then Ms. Judith Vanková (Slovak Republic), served as Chair of the Working Party.
2. The mandate of the Working Party, as set out in paragraph 5 of the Understanding, is: (i) to review notifications and counter-notifications on state trading; (ii) to review, in the light of the notifications received, the adequacy of the questionnaire on state trading (BISD 9S/184) and the coverage of state trading enterprises notified under paragraph 1 of the Understanding; and (iii) 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 of GATT 1994. Regarding the review of notifications, the Working Party having completed the mandated revision of the questionnaire on state trading, now reviews notifications in light of the revised questionnaire adopted on 2 April 1998 (G/STR/3). Regarding the Illustrative List of State Trading Relationships and Activities, the Working Party completed its mandate with the adoption of the illustrative list by the Council for trade in Goods on 15 October 1999 (G/STR/4).
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; Burundi; Canada; Chile; China; Colombia; Costa Rica; Cuba; Cyprus; Czech Republic; Egypt; El Salvador; European Communities; Guatemala; Hong Kong, China; Honduras; Hungary; Iceland; India; Indonesia; Israel; Japan; Korea; Latvia; Lithuania; Malaysia; Malta; Mauritius; Mexico; Morocco; New Zealand; Norway; Pakistan; Paraguay; Peru; Philippines; Poland; Romania; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Singapore; Slovak Republic; South Africa; Switzerland; Thailand; Trinidad and Tobago; Turkey; United States; Uruguay; Venezuela; and Zambia. Ethiopia; Jordan; Russian Federation; Saudi Arabia; Sudan; and Vietnam participated as observers.
5. The Working Party held one formal meeting during the period under review, on 11 November 2003. The Minutes of this meeting will be circulated in document G/STR/M/13. The Working Party also held an informal meeting on 18 February 2003, to discuss the issue of compliance with the notification obligation. Additionally, on 16 October 2003 the Working Party held informal consultations on the Chairperson's draft recommendation on the frequency of notifications.

II. NOTIFICATION AND REVIEW OF MEMBERS' STATE TRADING ACTIVITIES

6. Under Article XVII of GATT 1994 and paragraph 1 of the Understanding, all Members of the WTO are required to submit annual notifications of their state trading activities. New and full notifications were first required in 1995 and, subsequently, every third year thereafter, while updating notifications are to be made in the intervening years, indicating any changes since the last new and full notification. At the formal meeting held during the period under review, the Chairperson made a statement concerning the need for timely compliance with notification requirements.

7. Updating notifications for 2003 have been received from 12 Members. New and full notifications for 2001 have been received from 48 Members.¹ (See Annex to this Report.)

8. At its meeting of 11 November 2003, the Working Party reviewed 29 notifications: 2003 updating notifications of China; Cyprus; Guinea; Hong Kong, China; Hungary; Jordan; Liechtenstein; Macao, China; Pakistan; Poland; Slovenia; and Switzerland; 2002 updating notifications of China; Costa Rica; Cyprus; Guinea; Latvia; Moldova; Poland; Slovak Republic; Slovenia; Tunisia and Turkey; 2001 new and full notifications of China; Cyprus; Guinea; Slovak Republic; Tunisia and Turkey. At that meeting, the Working Party also adopted its Annual Report to the Council for Trade in Goods for the year 2003.

9. At the 11 November 2003 regular meeting of the Working Party, Australia posed questions on the notification by Cyprus. The United States posed questions to Egypt regarding the Alexandria Cotton Exporters Associations (ALCOTEXA). The United States also raised an issue concerning the pending Canadian replies to US questions on the Canadian Wheat Board. Additionally, the European Communities posed question's to New Zealand regarding an enterprise called Fronterra.

III. COMPLIANCE WITH THE NOTIFICATION OBLIGATION

10. At the 19 November 2002 regular meeting of the Working Party, the Chairman expressed deep concern with the unsatisfactory state of compliance with the notification obligation, and proposed that the Working Party embark on a process of identifying solutions to the problem of compliance with notifications. As a first step in this process the Working Party decided to convene an informal meeting to be held on February 2003 where this issue would be discussed. In preparation for that meeting a Note by the Chairman on the Notification of State Trading Enterprises (G/STR/W/39) was circulated to Members to serve as the basis for the discussions at the informal meeting. At the informal meeting, the Working Party agreed to the Chairman's proposal to draft a recommendation to the Council for Trade in Goods for a change in the periodicity of notifications from new and full notifications every three years with updating notifications in the intervening years, to new and full notifications every two years with an elimination of the updating notifications. This draft recommendation was circulated as document G/STR/W/40. On 16 October 2003 the Working Party held informal consultations to hear Members' views on the draft recommendation put forward by the Chair with a view of a possible adoption of the recommendation at the 11 November 2003 regular meeting of the Working Party. After hearing the Members' views expressed at the informal consultations it was decided to continue the discussions during the regular meeting of the Working Party. At its meeting of 11 November 2003 the Working Party adopted *ad referendum* the Recommendation on the Frequency of Notifications pending agreement by one Member. Following the joining in the consensus by the pending Member, the Recommendation was circulated as document G/STR/5 and submitted for approval by the Council for Trade in Goods.

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

ANNEX

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

Status as of 11 November 2003²

Member	Updating Notification (2000) G/STR/N/6	New and Full Notification (2001) G/STR/N/7	Updating Notification (2002) G/STR/N/8	Updating Notification (2003) G/STR/N/9
Albania				
Angola				
Antigua and Barbuda				
Argentina	X	X		
Armenia	n.a.	n.a.	n.a.	
Australia				
Bahrain	X			
Bangladesh				
Barbados				
Belize				
Benin				
Bolivia	X	X		
Botswana				
Brazil				
Brunei Darussalam				
Bulgaria		X	X	
Burkina Faso				
Burundi		X		
Cameroon				
Canada				
Central African Republic				
Chad	X	X		
Chile	X	X		
China	n.a.	X	X	X
Colombia				

²An "X" indicates that a notification has been made. An "n.a." indicates that the notification obligation did not apply to the country in question as it was not a WTO Member at the time.

Member	Updating Notification (2000) G/STR/N/6	New and Full Notification (2001) G/STR/N/7	Updating Notification (2002) G/STR/N/8	Updating Notification (2003) G/STR/N/9
Congo				
Costa Rica	X	X	X	
Côte d'Ivoire				
Croatia	n.a.			
Cuba				
Cyprus		X	X	X
Czech Republic	X	X	X	
Democratic Republic of the Congo				
Djibouti				
Dominica	X			
Dominican Republic				
Ecuador				
Egypt				
El Salvador	X			
Estonia		X	X	
European Communities	X	X		
Fiji				
Former Yugoslav Republic of Macedonia	n.a.	n.a.	n.a.	
Gabon				
Gambia				
Georgia		X	X	
Ghana		X		
Grenada				
Guatemala	X	X	X	
Guinea Bissau				
Guinea, Republic of		X	X	X
Guyana				
Haiti	X			
Honduras		X		
Hong Kong, China	X	X	X	X
Hungary	X	X	X	X
Iceland				
India		X		
Indonesia		X	X	
Israel				

Member	Updating Notification (2000) G/STR/N/6	New and Full Notification (2001) G/STR/N/7	Updating Notification (2002) G/STR/N/8	Updating Notification (2003) G/STR/N/9
Jamaica		X		
Japan		X		
Jordan	X	X	X	X
Kenya				
Korea, Republic of				
Kuwait				
Kyrgyz Republic				
Latvia	X	X	X	
Lesotho				
Liechtenstein	X	X	X	X
Lithuania	n.a.	X		
Macao, China	X	X	X	X
Madagascar				
Malawi				
Malaysia				
Maldives				
Mali				
Malta	X	X	X	
Mauritania				
Mauritius			X	
Mexico	X			
Moldova	n.a.	X	X	
Mongolia	X	X		
Morocco				
Mozambique				
Myanmar				
Namibia	X			
New Zealand	X	X		
Nicaragua				
Niger				
Nigeria	X	X	X	
Norway	X	X		
Oman		X		
Pakistan	X	X	X	X
Panama	X	X	X	
Papua New Guinea				

Member	Updating Notification (2000) G/STR/N/6	New and Full Notification (2001) G/STR/N/7	Updating Notification (2002) G/STR/N/8	Updating Notification (2003) G/STR/N/9
Paraguay				
Peru				
Philippines	X	X		
Poland	X	X	X	X
Qatar				
Romania	X	X	X	
Rwanda				
Saint Kitts & Nevis				
Saint Lucia				
Saint Vincent & Grenadines	X			
Senegal				
Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	n.a.	n.a.	X	
Sierra Leone				
Singapore	X			
Slovak Republic	X	X	X	
Slovenia	X	X	X	X
Solomon Islands				
South Africa	X	X	X	X
Sri Lanka				
Suriname				
Swaziland				
Switzerland	X	X	X	
Tanzania				
Thailand		X		
Togo				
Trinidad & Tobago				
Tunisia	X	X	X	
Turkey	X	X	X	
Uganda	X			
United Arab Emirates				
United States				
Uruguay				
Venezuela	X	X		
Zambia		X	X	

Member	Updating Notification (2000) G/STR/N/6	New and Full Notification (2001) G/STR/N/7	Updating Notification (2002) G/STR/N/8	Updating Notification (2003) G/STR/N/9
Zimbabwe				
Number of Notifying Members/Total Number of Members³	40/124	48/127	30/129	12/131

³ The numerator and denominator used here reflect the fact that, for each notification obligation, the European Communities submits a single notification that covers all 15 Member States. The total membership of the WTO (146 as of the adoption of this report on 11 November 2003) includes the European Communities plus the 15 Member States.