

# WORLD TRADE ORGANIZATION

G/L/978  
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(11-5914)

## REPORT (2011) 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".

Since the CTG 2010 annual report (G/L/947/Rev.1) was issued, the Council for Trade in Goods has met four times in formal session on the following dates: 31 January 2011 (G/C/M/105); 21 March 2011 (G/C/M/106); 26 May 2011 (G/C/M/107 and G/C/M/107/Corr.1<sup>1</sup>); and 7 November 2011 (G/C/M/108<sup>2</sup>).

The subject matters which were raised and/or acted upon in the Council are as follows:

1. Election of Chairperson
2. Appointment of officers
3. Matters of the Committee on Market Access
4. Waivers under Article IX of the WTO Agreement
5. European Union enlargement
6. Notification of regional trade agreements
7. Notifications:
  - 7.1 Status of notifications under the provisions of the Agreements in Annex 1A of the WTO Agreement
8. Ecuador Mixed Tariffs - Questions from the United States, the European Union, Canada, Japan and Panama
9. Import Licensing Measures and Procedures by Argentina - Statements by the United States, the European Union, Japan, Canada, Mexico and Peru
10. Ukraine's Implementation of Customs Valuation Legislation - Statement by the European Union and Norway

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<sup>1</sup> In English only.

<sup>2</sup> To be issued.

11. Ukraine's Export Restrictions for Cereals - Statement by European Union
12. Work Programme on Electronic Commerce
13. Brazil's Automotive Tax Measures - Statement by Korea
14. European Union - Ruling of the European Court of Justice of 6 September 2011, Relating to the Detection in Honey of Pollen Containing DNA from MON8190 Genetically Modified Maize - Statement by Argentina
15. Ecuador Internal Taxation to Alcoholic Beverages - Statement by Chile
16. Working Procedures Governing the Notification of Regional Trade Agreements Under Article XXIV of GATT/94
17. Final Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China
18. Consideration of Annual Reports of Subsidiary Bodies
19. Adoption of the Annual Report of the Council for Trade in Goods to the General Council

**1. Election of Chairperson for the Council for Trade in Goods**

At its meeting of 21 March the Council elected Ambassador Jüri SEILENTHAL (Estonia) as its Chairman for 2011.

**2. Appointment of Officers for the subsidiary bodies of the Council**

At its meeting of 21 March, the Council agreed on the nominations of the following persons for election as Chairpersons of its subsidiary bodies for 2011:

Committee on Market Access	Mr Atilla BASTIRMACI (Turkey)
Agriculture	Mr Jonas SKEI (Norway)
Sanitary and Phytosanitary Measures	Mr Deny KURNIA (Indonesia)
Technical Barriers to Trade	Ms Denise PEREIRA (Singapore)
TRIMs	Mr Patrick VAN GHEEL (Belgium)
Anti-Dumping Practices	Mr Subhas GUJADHUR (Mauritius)
Subsidies and Countervailing Measures	Mr Andreas KRALLMANN (Germany)
Safeguards	Ms Lillian BWALYA (Zambia)
Import Licensing	Mr Flavio SOARES DAMICO (Brazil)
Rules of Origin	Mr Daniel OWOKO (Kenya)
Customs Valuation	Mr Masafumi KOBAYASHI (Japan)
State Trading Enterprises	Mr Christian FRESARD (Chile)
Committee of Participants on the Expansion of Trade in Information Technology Products	Mr Syed Mohd Faizal Bin Syed Mohd DARDIN <sup>3</sup> (Malaysia)

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<sup>3</sup> At its meeting on 7 November, the Chairperson informed the Council that, following the departure of Mr Syed Dardin (Malaysia), the consultations he carried out with members of the Committee of Participants on the Expansion of Trade in Information Technology Products (ITA Committee) indicated that there was agreement that Mr Zahary MD ALI (Malaysia) be appointed as the new Chairperson of the ITA Committee.

At the same meeting, the Council agreed to proceed on the understanding that as concerns the 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. Matters of the Committee on Market Access**

At its meetings on 26 May and 7 November the Council took note of the periodic reports (in documents G/MA/245; G/MA/257 and G/MA/257/Corr.1) of the Committee on Market Access.

At its meeting on 7 November the Council considered the draft decisions on the "Amendment to the Procedures Leading to the Certification of HS 2007 Changes" (document G/MA/W/108) and on the "Procedure for the Introduction of Harmonized System 2012 Changes to the Schedules of Concessions using the Consolidated Tariff Schedule Database" (document G/MA/W/109) sent by the Committee on Market Access to the General Council through the Goods Council. The Council agreed to forward these draft decisions to the General Council for adoption.

### **4. Waivers under Article IX of the WTO Agreement**

- (a) Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions  
- Request for Extension of Waiver Argentina – (G/L/956 and G/C/W/648)

At its meeting on 26 May, the Council considered a request from Argentina for an extension of the waiver in connection with the introduction of HS96 changes to Argentina's Schedule of Concessions. The Council approved the waiver request and recommended that the draft decision contained in document G/C/W/648 be forwarded to the General Council for adoption. Argentina indicated that if the Certification of Modification of its Schedule were to be ready in June 2011 as expected, it would not be necessary to forward the extension request to the General Council.<sup>4</sup>

- (b) Introduction of Harmonized System 2002 changes into WTO Schedules of Tariff Concessions  
- Requests for a waiver extension (G/C/W/653/Rev.1)

At its meeting on 7 November, the Council considered a collective request for an extension of the waiver in connection with the introduction of HS2002 changes to the Schedules of Concessions. The Council approved the waiver request and recommended that the draft decision contained in document G/C/W/653/Rev.1 be forwarded to the General Council for adoption.

- (c) Introduction of Harmonized System 2007 changes into WTO Schedules of Tariff Concessions  
- Requests for a waiver extension (G/C/W/654)

At its meeting on 7 November, the Council considered a collective request for an extension of the waiver in connection with the introduction of HS 2007 changes to the Schedules of Concessions. At this meeting the Dominican Republic requested to be added to the list of Members benefiting from the waiver. The Council approved the waiver request and recommended that a revised draft decision (G/C/W/654/Rev.1), including the Dominican Republic, be forwarded to the General Council for adoption.

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<sup>4</sup> Argentina's certification was circulated in document WT/Let/763 containing the certified true copy of the Certification of Modifications and Rectifications to Schedule LXIV - Argentina, effective **28 May 2011**.

- (d) Introduction of Harmonized System 2012 changes into WTO Schedules of Tariff Concessions  
- Request for a waiver (G/C/W/655/Rev.1)

At its meeting on 7 November, the Council considered a collective request for a waiver in connection with the introduction of HS 2012 changes to the Schedules of Concessions. At this meeting Honduras, the Dominican Republic, Mexico and Pakistan requested to be added to the list of Members benefiting from the waiver. The Council approved the waiver request and recommended that a revised draft decision (document G/C/W/655/Rev.2), including Honduras, the Dominican Republic, Mexico and Pakistan be forwarded to the General Council for adoption.

- (e) European Union - Request for a Waiver on Additional Autonomous Trade Preferences Granted by the European Union to Pakistan (G/C/W/640 and G/C/W/640 Rev.1)

At its meetings on 31 January, 21 March and 26 May, the European Union informed the Council that a consultation process with some Members was underway. On 21 March the Council took note of the statements made by the EU, India, Bangladesh, Peru and Pakistan and, on 26 May, it took note of the statements made by the EU, Pakistan, Vietnam and Morocco. At that meeting the Chair also indicated that since this Council had not completed its consideration of the waiver request within the 90 days stipulated in Article IX.3(b) of the Marrakesh Agreement, at the meeting of the General Council (GC) which took place on 3 May 2011, he provided a factual report indicating that the Goods Council would need further time to consider the request and that it would report back to the GC once it had completed its work. He indicated that the General Council had so agreed.

At its meeting on 7 November the Council considered document G/C/W/640/Rev.1, submitted by the EU and containing a revised request and draft decision. The Council took note of statements made by the EU, Morocco, Bangladesh, Brazil, Vietnam, Argentina, Peru, Indonesia, the United States, Norway and Pakistan; and agreed to revert to this matter at its next meeting.

- (f) Cape Verde – Request for a Waiver related to the Implementation of Article VII of GAT 1994 and the Agreement on Implementation of Article VII of the GATT 1994 (G/C/W/643; G/C/W/646)

At its meeting on 31 January the Council took note of the request made by Cape Verde in document G/C/W/643 to extend the implementation period of Article VII of GATT/94 and the Customs Valuation Agreement (CVA). It also took note of the statements made by Cape Verde, Switzerland, Angola, Mozambique, the US, Nigeria, the EU, Brazil, Senegal and China.

At its meeting on 21 March, the Council considered document G/C/W/646 containing the draft waiver decision submitted by Cape Verde. The Council approved the waiver request and recommended that a revised draft decision (G/C/W/646/Rev.1), including an interim review by the Committee on Customs Valuation, be forwarded to the General Council for adoption.

- (g) Canada – Request for an Extension of the Waiver for the Caribbean Initiative (CARIBCAN) (G/C/W/657)

At its meeting on 7 November the Council considered document G/C/W/657 containing a request submitted by Canada to extend until 31 December 2013 the duty-free treatment to eligible imports of Commonwealth Caribbean countries benefiting from the provision of

CARIBCAN. The Council took note of the statements made by Canada, Barbados, Jamaica and Trinidad Tobago, approved the waiver request and recommended that the draft decision annexed to G/C/W/657 be forwarded to the General Council for adoption.

- (h) European Union – Request for an Extension of the Waiver for the Application of Autonomous Preferential Treatment to the Western Balkans (G/C/W/658; G/C/W/658/Add.1)

At its meeting on 7 November, the Council considered documents G/C/W/658 and Add.1 containing, respectively, a request and a draft waiver decision by the European Union to provide, until 31 December 2016, preferential treatment to the Western Balkans. The Council approved the waiver request and recommended that the draft decision be forwarded to the General Council for adoption.

- (i) Notifications of Actions taken under the 1999 Waiver for Preferential Tariff Treatment for Least-Developed Countries (G/C/W/651; G/C/W/656)

At its meeting on 7 November the Council took note of the notifications made by India and China in documents G/C/W/651 and G/C/W/656 respectively, concerning their unilateral non-reciprocal Duty-Free Quota-Free (DFQF) Scheme for Least Developed Countries (LDCs). The Council took note of the statements made by India, China and the United States and, agreed that these notifications be referred to the Sub-Committee on Least-developed countries which would report back to the Goods Council.

- (j) Mongolia - Implementation of the Waiver on Accession Commitment on Export of Raw Material (G/C/W/652)

On 7 November the Council considered, under the Agenda item "Other Business", document G/C/W/652 containing information from Mongolia on the impact that the maintenance of an export tax on raw cashmere had on the overall performance of the sector. Mongolia also informed the Council that in view of the overall liberalization measures by the Government, the export tax on raw cashmere was eliminated in June 2009. The Council took note of document G/C/W/652 and of the statement made by Mongolia.

**5. European Union enlargement: Procedures under Article XXVIII:3 of GATT 1994 (G/L/695/Add.13; G/L/695/Add.14; G/L/821/Add.8; G/L/821/Add.9)**

At its meetings on 26 May and 7 November, the Council agreed on the extension of the deadlines set out in the communications from the EU (G/L/695/Add.13; G/L/821/Add.8. and G/L/695/Add.14; G/L/821/Add.9, respectively).

**6. Notification of Regional Trade Agreements**

At its meetings on 21 March and 7 November, the Council was informed of the following notifications on regional trade agreements:

- A. FREE TRADE AGREEMENT ON GOODS BETWEEN EFTA AND SERBIA (WT/REG290/N/1)
- B. FREE TRADE AGREEMENT ON GOODS AND SERVICES BETWEEN HONG KONG CHINA AND NEW ZEALAND (WT/REG291/N/1 AND S/C/N/578)
- C. FREE TRADE AGREEMENT ON GOODS BETWEEN EFTA AND ALBANIA (WT/REG292/N/1)

- D. FREE TRADE AGREEMENT ON GOODS BETWEEN TURKEY AND CHILE (WT/REG293/N/1)
- E. FREE TRADE AGREEMENT ON GOODS BETWEEN TURKEY AND JORDAN (WT/REG294/N/1)
- F. FREE TRADE AGREEMENT BETWEEN PERU AND EFTA (WT/REG295/N/1)
- G. FREE TRADE AGREEMENT BETWEEN THE EUROPEAN UNION AND KOREA (WT/REG296/N/1)
- H. FREE TRADE AGREEMENT BETWEEN GUATEMALA AND THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU (WT/REG297/N/1)
- I. FREE TRADE AGREEMENT BETWEEN PERU AND KOREA (WT/REG298/N/1)
- J. FREE TRADE AGREEMENT BETWEEN COLOMBIA AND EFTA (WT/REG299/N/1)
- K. FREE TRADE TREATY BETWEEN INDIA AND JAPAN (WT/REG300/N/1)
- L. FREE TRADE TREATY BETWEEN CANADA AND COLOMBIA (WT/REG301/N/1)
- M. FREE TRADE TREATY BETWEEN EUROPEAN UNION AND PAPUA NEW GUINEA / FIJI (WT/REG302/N/1)

## 7. Notifications

- 7.1 Status of notifications under the provisions of the Agreements in Annex 1A of the WTO Agreement

At its meeting on 21 March, the Council took note of the latest revision of the status of notifications contained in document G/L/223/Rev.18.

## 8. Ecuador Mixed Tariffs - Questions from the United States, the European Union, Canada, Japan and Panama

At its meeting on 31 January, the Council considered the questions in document G/C/W/639 posed to Ecuador by the United States, the European Union , Canada, Japan and Panama on the changes it had introduced to its tariff schedule of concessions which had changed the tariff structure from an *ad valorem* tariff system to a mixed tariff system and which covered products related to clothing, linen, textiles and footwear. The Council took note of the statement made by the US, EU, Canada, Japan, Panama, Ecuador and the Bolivarian Republic of Venezuela.

At its meeting on 21 March, the Council considered the written responses provided by Ecuador in document G/LIC/W/645 as well as additional questions posed by the US, EU, Japan and Canada; it took note of the statements made by these delegations and by Ecuador and the Bolivarian Republic of Venezuela.

On 26 May, the Council took note of the statements made and the additional questions posed by the US, EU, Japan and Panama in order to clarify their concerns on the mixed tariff system. The Council also took note of the statements of Cuba, the Bolivarian Republic of Venezuela and Ecuador.

At its meeting on 7 November the US, the EU, Canada, Japan and Switzerland reiterated their questions and concerns on the *ad-valorem* equivalent and the methodology used by Ecuador. The Council took note of these statements and the statement by Ecuador.

**9. Import Licensing Measures and Procedures by Argentina - Statements by the United States, the European Union, Japan, Canada, Mexico and Peru**

At its meeting on 21 March, the Council took note of the statements made by the United States, the European Union, Canada, Turkey, Peru, Switzerland, Japan, Mexico and Argentina on the non-automatic import licensing measures and procedures adopted by Argentina, covering almost 600 products and which appeared to use import licensing as a trade balancing measure to discourage imports. Concerns also referred to the lengthy delays and the unknown requirements for obtaining an import licence.

At the meeting on 26 May, the EU, the US, Peru, Mexico, Canada, Japan, Turkey and Switzerland reiterated their concerns; Colombia, Peru and Mexico echoed these concerns. Argentina reiterated that its system was in line with the WTO Agreement on Import Licensing Procedures. The Council took note of the statements made.

On 7 November this issue was brought once again to the Council's attention under the title "Argentina's Import Restricting Policies and Practices". The EU, the US, Switzerland, Japan and Turkey reiterated the concerns expressed at previous meetings on the non-automatic import licensing system, echoed by Peru, Canada and Colombia. The Council took note of these statements and the statement made by Argentina.

**10. Ukraine's Implementation of Customs Valuation Legislation - European Union and Norway**

At its meetings on 31 January, 21 March and 26 May, the Council took note of the joint statement made by the European Union and Norway regarding the application of the Ukrainian customs valuation legislation which posed practical and systemic problems due to the non-acceptance of the declared value and the use of minimum prices. The Council also took note of the statements made by US, Canada and Switzerland who echoed these concerns and of the statement made by Ukraine.

At its meeting on 7 November, the Council took note of the joint statement by the EU and Norway on the improvements by Ukraine in managing customs practices and customs control procedures. The Council also took note of the statements made by the US, Canada and Switzerland encouraging Ukraine to bring its customs valuation practices in compliance with the WTO; and the statement made by Ukraine.

**11. Ukraine's Export Restrictions for Cereals - European Union**

At its meeting on 26 May, the Council took note of the statements made by the EU, Israel, Australia, the United States, Switzerland, Japan and Ukraine on the exports restrictions that the latter had been applying to corn and other cereals in the form of export quotas, a system that would be replaced by export duties on exports of wheat, corn and barley.

**12. Work Programme on Electronic Commerce**

At its meeting on 7 November, the Council took note of the statements made by Cuba, Ecuador, Venezuela and Nicaragua on the joint draft proposal contained in document G/C/W/650 and G/C/W/650/Rev.1 and on the on-going work in the Dedicated Discussion on the Work Programme on

Electronic Commerce (e-commerce) towards drafting a decision for MC8. It also took note of the statements made by the US, Australia, the EU, Argentina, India, El Salvador and the Dominican Republic on their support to the reinvigoration of the Work Programme, including in other WTO bodies and the discussions in the Dedicated Discussion in seek of a balanced and comprehensive proposal for MC8.

**13. Brazil's Automotive Tax Measures - Statement by Korea**

On 7 November, the Council took note of the statements made by Korea, Japan, the EU, Australia, Hong-Kong China, the US, Canada, Colombia, Chinese Taipei and of the responses by Brazil on the announcement by the Brazilian authorities to increase industrial tax rates for automobiles by 30 per cent and which appeared to slow down imports or instead, promote investment in Brazil. Concerns also referred to compliance with the National Treatment and MFN principles and the Agreements on Subsidies and Trade and Investment Measures.

**14. European Union - Ruling of the European Court of Justice of 6 September 2011 Relating to the Detection in Honey of Pollen containing DNA from MON810 Genetically Modified Maize - Statement by Argentina**

At its meeting on 7 November, the Council took note of the statements made by Argentina, Uruguay, Canada, Mexico, the US and of the responses by the EU on the ruling of the European Court of Justice on the detection in honey of pollen containing genetically modified maize which indicated that pollen was now an ingredient of honey and not a natural component; this raised systemic and trade concerns and could adversely affect the trade of honey.

**15. Ecuador Internal Taxation to Alcoholic Beverages - Statement by Chile**

At its meeting on 31 January, under the Agenda item "Other Business", the Council took note of the statements made by Chile and Ecuador on the taxable basis being applied by Ecuador to some imported alcoholic beverages, including wine.

**16. Working Procedures Governing the Notification of Regional Trade Agreements Under Article XXIV of GATT/94**

At its meeting on 31 January, the Chairperson indicated, under Agenda item "Other Business", that the working procedures concerning the notification of regional trade agreements under Article XXIV of GATT 1994 were contained in documents WT/L/671, WT/REG16, and G/C/M/88. Document WT/L/671, the Transparency Mechanism for Regional Trade Agreements contained the decision adopted by the General Council on 14 December 2006; document WT/REG/16 contained the notification format for regional trade agreements agreed by the Committee on Regional Trade Agreements (CRTA) at its 44<sup>th</sup> Session on 13 October 2006; and, document G/C/M/88 contained the minutes of the Goods Council meeting where the above mentioned notification format under Article XXIV of GATT 1994 had been adopted. The Council took note of the statement made.

**17. Final Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China**

At its meeting on 7 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 its report G/L/977 together with the reports of the subsidiary bodies<sup>5</sup>, to the General Council.

**18. Consideration of annual reports of subsidiary bodies of the CTG**

At its meeting on 7 November, the Council took note of the annual reports of its subsidiary bodies.<sup>6</sup>

**19. Adoption of the Annual Report of the Council for Trade in Goods to the General Council**

At its meeting on 7 November, the Council adopted its Annual Report (2011) to the General Council.

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<sup>5</sup> See documents G/MA/258; G/AG/27; G/VAL/66; G/LIC/23; G/RO/72; G/ADP/21; G/SG/96; G/L/963; G/SPS/57 and, G/SCM/140. The report from the Committee on Technical Barriers to Trade would be submitted directly to the General Council.

<sup>6</sup> See documents G/L/62; G/L/964; G/L/965; G/L/966; G/L/967; G/L/968 and G/L/968/Corr.1; G/L/969; G/L/970; G/L/971; G/L/ 972; G/L/973/Rev.1; G/L/974; G/L/975; G/L/976.