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KIELER DISKUSSIONSBEITRÄGE

KIEL DISCUSSION PAPERS

304

The WTO after the Singapore Ministerial: Much to Do about What?

by Dean Spinanger

CONTENTS

- The World Trade Organization's (WTO) Singapore Ministerial Conference in December, 1996, represented the first review of where the WTO was almost two years after the Marrakech signing. Unfortunately, neither in implementing Marrakech agreements nor in dealing with new issues is the post-Singapore state of the world trading system fundamentally better off than before.
- Nothing was done to correct the "sham liberalization" in the phasing out of market access restrictions in textiles and clothing. By backloading liberalization of the most sensitive clothing products to the latest possible time, an impasse is being created which could well cause but yet another delay in eliminating these quantitative restrictions, which are very costly in terms of allocative efficiency.
- The core of market access was seemingly brushed over to make room for an agreement on free trade in information technology products, which is flawed for two reasons. First, it excludes highly protected consumer electronics and second, it expanded the international marketing "cartel" for semiconductors to include the EU and Korea (plus founding members US and Japan).
- Anti-dumping measures (ADMs), the essence of so-called contingent protection, have continued to play a major role in trying to reduce competition, but the Ministerial widely ignored this fact. Though their use by industrialized countries has slowed down noticeably, developing countries pose a new threat by enacting ADMs all the more, particularly against other developing countries.
- The Singapore Ministerial failed to clearly set the stage for fulfilling the WTO's brief as a universal institution. No clear guidelines were established to quickly and effectively bring Russia and China into the WTO. Instead, the status quo of enforcing unilateral actions against a state-trading economy still appeals to industrialized countries, probably for mainly non-economic reasons.
- In perhaps one of its most important decisions, the Singapore Ministerial set up a working group to examine competition policies. Yet the key question is whether trade liberalization and GATT/WTO discipline will be best served by adding to the trading system a global codex, harmonizing national competition policies ex ante, or by mutually recognizing well-functioning national competition policies. While sound economic arguments support the latter, prevailing country-of-destination principles conjure up concerns that the former will dictate the approach.
- Finally, it may be too early to extrapolate the current success of the dispute settlement mechanism (DSM). It still remains to be seen whether Contracting Parties will really accept decisions against their expressed interests in issues of critical importance, or where national security arguments are invoked. So far, however, the success of the DSM has exceeded expectations.

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Contents

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I. Introduction and Overview

The World Trade Organization's (WTO) Singapore Ministerial Conference in December, 1996, represented a milestone in the history of post WW-II Multilateral Trade Negotiations (MTN). After the signing of the Final Act of the Uruguay Round (UR) in Marrakech in April, 1994, it was the first time in the context of such MTN that stocktaking, analysis and review of future options formed the basis of the agenda. Furthermore, new liberalization options were also to be considered or rather new areas into which the WTO could extend its coverage were placed on the docket. Although the Ministerial itself was merely a consequence of the agreed-upon modalities comprising the UR Agreement[1], massive differences of opinion on key issues in the run-up to Singapore threatened to disrupt if not postpone it. The fact that the Conference was carried out as planned could hence be interpreted as an expression of how serious UR commitments were and are being taken.

After all, if one reflects back on the time when the 123 country representatives[2] signed the final UR documents an upbeat evaluation seemed justified, since the spectrum and depth of areas covered by the agreements were far greater than the prevailing GATT framework.[3] In other words: the UR agreements reflect to a far greater degree the major structural shifts in international economic activities which had developed since the 1947 GATT, but had never really been incorporated into the seven preceding MTN rounds (see Table A2). As can be seen in Table 1, over 90 percent of world trade originates from member countries. When China, Taiwan, Russia and Saudi Arabia become WTO members, then virtually all world trade is covered. For sure, initial estimates about the impact of the UR underlined the extremely positive sectoral impact of the agreements (see Table A3). And to ensure that such estimates turn into reality rather than ending up as fiction, the Singapore Ministerial had to succeed.[4]

Such success was by no means guaranteed as the initial optimism had dimmed considerably prior to the Ministerial. This was not merely a tentative conclusion drawn from the failure in liberalizing financial services, from the initial impasse in the area of telecommunications, or from the suspended negotiations in maritime services. It also may have stemmed from the realization that truth in the packaging, for instance in the all-important Agreement on Textiles and Clothing (ATC), may not actually have prevailed in the final context. Such was the stage prior to Singapore.

The bottom line was accordingly simply stated: if the WTO was to live up to the high expectations spawned at the signing of the Final Act in Marrakech, it had to set and truly abide by priorities. First and foremost, it had to ensure that agreed-upon issues continue to be wrapped up in line with the letter but also with the spirit of the agreements. That is: *no back-*

Table 1 — Number of WTO Members and Potential Members[a] and Percent of World Exports Covered[b]

Region	Members		Membership pending		Potential members	
	number	share in world exports	number	share in world exports	number	share in world exports
Africa	41	1.7	3	0.2	9	0.2
Americas	33	19.8	1	0.0	1	0.1
Asia/Pacific	27	24.8	10	6.4	13	0.7
Europe/CIS	30	44.1	16	2.0	–	0.0
Total	131	90.4	30	8.6	23	1.0

[a]As of August 1, 1997. See also Table A1. — [b]As of 1994.

Source: WTO home page, IMF (1996: 114–117), WTO (1996a: Vol. II, Table A3).

sliding. Beyond this, it had then to seek substantial results in those key areas where negotiations failed to bear fruit. That is: *no reneging on pledges*. Having firmly accomplished these tasks, and only then, could it shift its attention to areas which would deal both with new issues as well as with the deepening or widening the scope of prevailing agreements without weakening what has been achieved. That is: *no widening of GATT/WTO domains if this implies weakening the brief of the organization*.

First of all, the key issues as they presented themselves at the outset of the Singapore Ministerial will be briefly overviewed and basically structured in line with their international economic relevance. Then the issues will be dealt with individually, beginning each time with some background before laying down what could have been expected to be improved or achieved in line with the UR agreements and what was actually accomplished. The paper then concludes by laying down possible strategies to ensure that the WTO — as opposed to GATT — will not become a victim of vested interests against trade liberalization.

II. The Issues on the Docket in Singapore — What Was Relevant?

In the months leading up to the Singapore Ministerial there was at best agreement on not trying to launch a new round of omnibus trade negotiations. This was surely very sensible. But even aside from this consensus the docket was more than full. Almost two dozen separate issues were listed on documents distributed by the WTO prior to the Ministerial, whereby numerous, highly controversial issues had not even been completed before the conference began (e.g. the extensive discussions on how or whether to speed up the liberalization in agreement on Textiles and Clothing (ATC) was one of them).[5] The diversity of issues to be acted upon is, however, more correctly reflected in the organizational structure of the WTO, since it is within such confines that the preparations for the Ministerial took place (see Diagram 1). In addition to this breakdown, however, it is necessary to add those topics which were still in the process of being discussed; that is, labor standards, competition policy, and the information technology agreement.

To highlight the international economic ramifications of the decisions at the Ministerial, three major areas are to be addressed:

A: *The Essentials* — What needed to be completed as dictated by the UR agreements, be it stipulated by the built-in agenda or demanded due to severe weaknesses in the UR documents?

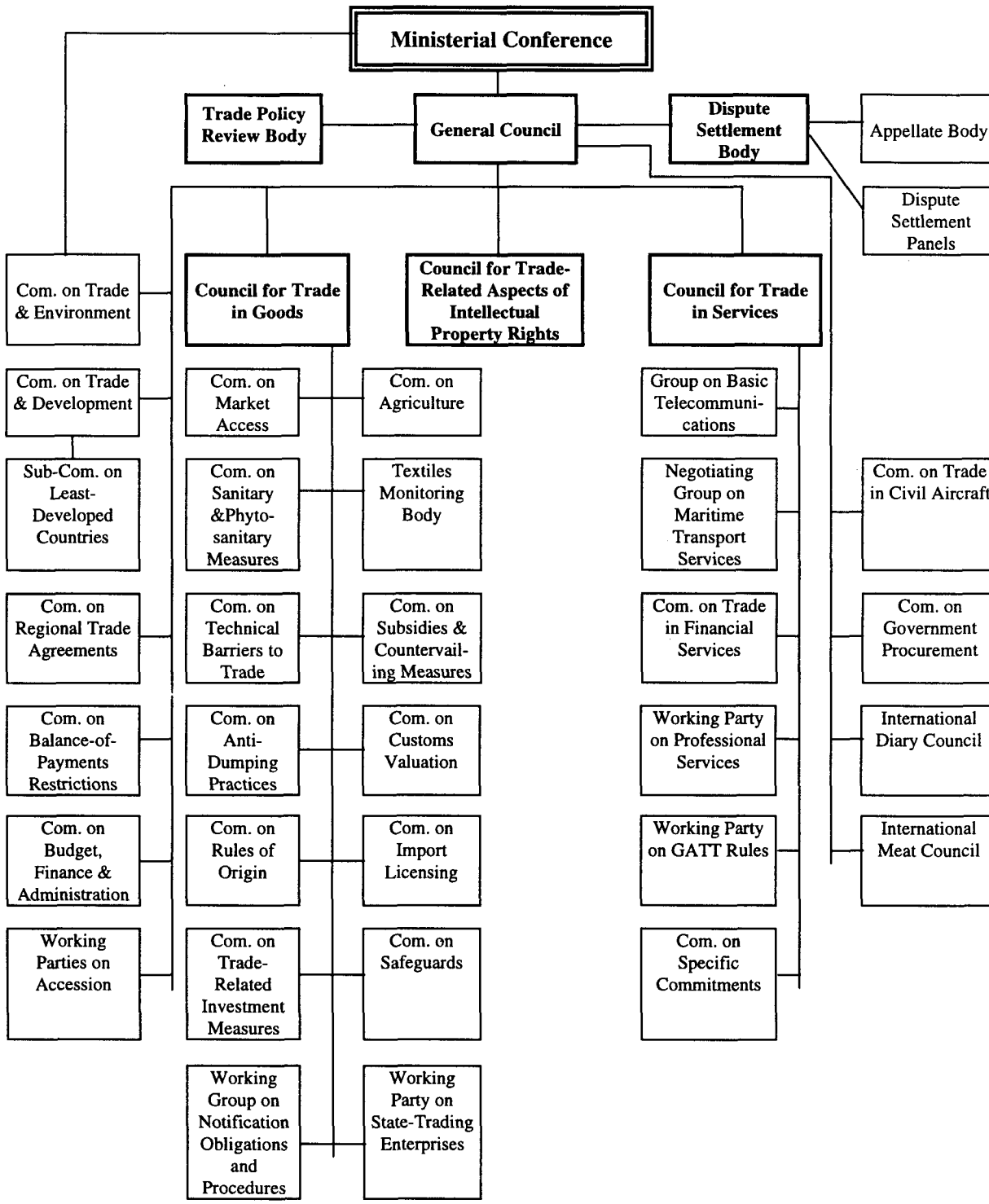
B: *Other Issues* — What was left open or not sufficiently defined in the UR agreements?

C: *New Topics* — What was new, be it by liberalizing (that is improving market access) beyond the UR, increasing the coverage of the WTO to new or by expanding the coverage of given agreements by ensuring that WTO rules are universally applicable?

Within the above three areas the following, by no means all encompassing, relevant economic issues[6] will be discussed:

A: Given that the basic thrust of the WTO is to substantially reduce tariffs and other barriers to trade as well as to eliminate discriminatory treatment, it seems appropriate to begin by examining what had been done to improve market access. This will first of all be analyzed with respect to (1) *textile and clothing* products, i.e. that area which originally was allowed to widely deviate from MFN principles. It then turns (2) to *market access in general*, that is the degree to which the UR agreements were adhered to. In this section, the Information Technology Agreement (ITA) will also be included as well as issues concerning special treatment of least developed countries.

Diagram 1 — WTO Organizational Structure



Source: WTO website (1997a).

B: This section begins by discussing two specific issues which also affect market access, albeit under the veil of other intentions, namely (1) *anti-dumping measures* and (2) *technical standards and similar measures*. It then focuses on one important topic evolving from the General Agreement in Trade in Services (GATS), namely (3) *telecommunications*. It then turns to the complexities of (4) *regional trade agreements*. To conclude, the functioning of the all-important (5) *dispute settlement mechanisms* will be focused on.

C: The focus here begins by analyzing the new and highly controversial issue of incorporating internationally accepted (1) *labor standards* in the WTO. It then shifts to whether (2) *competition policies* — that is, above and beyond the competition engendered by more open trade regimes — are likewise an area in which the WTO should become involved. Discussion then moves to an examination of the protracted (3) *process of admitting new members*, specifically the issue of China's long-standing application is analyzed. In other words, it deals with the process of ensuring that WTO principles become universally applicable.

III. The Essentials

1. Textiles and Clothing Trade — a Major Juggernaut

a. Background

High on the Singapore docket — at least for the developing countries (DCs) — was the degree to which textile and clothing (T&C) products were being effectively and finally integrated into WTO principles of non-discrimination, liberalization and rule discipline. This was all the more the case given that trade restrictions on T&C products — in essence the "mother" of GATT-inconsistent measures (already in existence in the 1950s) — almost gridlocked the preparations for the Singapore Ministerial. It was in particular the criticism from Asian countries, which account for about 45 percent of the world's T&C exports, that was labeling T&C trade liberalization "sham integration" being all too obviously instituted by the EU and the USA in postponing a true liberalization of their T&C imports.[7] It was a sham — even if permitted de jure by the ATC — because none of the T&C products restricted by the MFA were being liberalized.[8]

But beyond this, for instance, was an "offer" made in the course of 1996 by the EU. It "offered" a faster T&C liberalization track if Asian countries were to open up their own economies faster. The offer was rejected for numerous reasons, but perhaps also because it did not apply to Hongkong, Macao or Singapore, who found that they could not open up their already open economies any further!

Likewise affecting the tactics of the EU and the US to be less liberal in their ATC strategies were regional integration schemes in which they were involved. In the case of the EU, these were already having a far more profound effect on Europe's economic landscape than the ongoing initial implementation of the UR agreements. Specifically, the completion of the single market in the EU as of January 1, 1993, the expansion of the EU from 12 to 15 members as of January 1, 1995, and the attempts to integrate the Eastern European economies, all had prompted T&C industries throughout Europe to more rapidly rethink corporate strategies. Given the importance of minimizing the economic distance between locations of production and consumption, just-in-time production was obviously easier to achieve with countries next door than with producers in Asia. On the other side of the Atlantic came the implications of the NAFTA, which likewise was shifting demand away from suppliers of T&C products in Asia.[9]

Thus, going into the Singapore Ministerial developing countries obviously felt they had been promised for more than the ATC was delivering. In the months before the Ministerial they were thus demanding improvements, otherwise threatening to block the Singapore meeting.

What had been agreed upon in the UR is simply stated:

- the MFA is to be phased out in four tranches over a 10 year period (1/1/1995; 1/1/1998; 1/1/2002; 1/1/2005);[10]
- products not liberalized, but under quota or elsewise restrained will have their growth rates increased during the phase-out period;[11]
- all types of textile products (i.e. tops/yarns, fabrics, made-ups and clothing) must be included in each of the liberalization tranches during the 10 years;[12]
- the liberalization process for members is binding and final.

And finally, it could be concluded that the negotiating parties were indeed serious in effectively dismantling the MFA as in Article 7, para. 1 of the ATC (GATT 1994a) the word "promote" had been replaced with the more forceful word "achieve."

b. What Should Have Been Achieved?

However, the "modalities" to "permit the eventual integration" (GATT 1994a: 85) of T&C products into MFN treatment almost invited avoiding a meaningful integration. It was therefore not surprising that tire cords, tampons and tents ended up on the list of products liberalized by Canada, the EU and the USA in the first round, thus causing DCs to consider the ATC to be a sham. As the WTO Council for Trade in Goods noted (1996b: para. 16.4): "The first stage integration had therefore not meaningfully improved access to these markets."

Hence, the following issues were begging to be dealt with in Singapore:

- Why did the ATC not stipulate that T&C products not under quota or other restraints would be more quickly reintegrated into GATT/WTO MFN principles outside of the 10 year liberalization process? By not doing so, the amount of ATC products specified in the Agreement is considerably larger than the number covered by existing restraints be it in the EU, USA or Canada.
- Why were not faster integration schedules specified for those MFA products under quota, but with only minimal quota utilization (i.e. quota redundancy)?
- Why were volumes used in specifying the amounts to be liberalized, as this virtually ensures that the economic value of the product liberalized is only loosely correlated with the amount liberalized?
- The agreed-upon increase in growth rates during the course of the liberalization period means very little if the actual growth rates are small (see Table A4). Knowing that the assigned growth rates for major Asian suppliers are quite low, little can be expected from this stipulation.[13]
- Why is it merely stipulated that at each stage of the liberalization process only something from the four types of T&C products must be included (i.e. tops/yarns, fabrics, made-ups and apparel)? This leads to most perverting developments, as it virtually predestines sensitive products (basically clothing) to being totally underrepresented. The DCs were hence correctly predicting that most of the clothing products would not be liberalized until the year 2005.
- Hence, what can be done to avoid a "crunch" in the final phase-out of the MFA as of 1/1/2005? The EU (as well as the US) put itself in a position where it would become virtually impossible to liberalize the remaining 49 percent at that point in time.

c. What Was Achieved?

The agreement on the ATC reached in Singapore was hollow to the extent that it did nothing to rectify any of the above listed weaknesses. What it did contain, however, was stronger wording with respect to truly integrating textile and clothing products into MFN principles. It also states that safeguards will be used as spar-

ingly as possible. And finally, it does underline the importance of ensuring that small suppliers, new entrants and least developed countries should receive special treatment.

In other words, there were no hard measures agreed upon to turn the sham liberalization into something meaningful. In hard numbers, this means nothing more than liberalizing *roughly 90 percent of all clothing imports* by the EU and the USA in the two final liberalization periods (i.e. in 2002 and 2005). Doubts about the capacity to fulfill this commitment are more than justified.

Hence, when and if the built-in weaknesses in the ATC do indeed lead to a crunch in the liberalization process as practiced by the EU and US so far, the only recourse would be to enlist the support of the dispute settlement mechanism in the WTO. As difficult as such task may be, at least the WTO — as opposed to the GATT — does now contain weapons to fight strategies to deliberately delay T&C liberalization. So far the dispute settlement mechanism seems to have worked well (see below), but it remains to be seen whether this will also apply to such important and labor-intensive industries like those producing textile and clothing products.

2. Market Access: On Tariffs, the ITA and Special Concessions

a. Background

As evidenced by the sham liberalization in the ATC, agreeing on improved market access[14] is one thing, turning it into reality is definitely another. Table A2 clearly confirms that the UR was by far the most comprehensive round in terms of products covered. While the decrease in the tariff rates was not as large as in the Tokyo Round of multilateral trade negotiations (col. 6), the post-UR tariff levels reached in many product groups were indeed very low (see Table A5).[15]

The average post-UR tariff for all industrial goods imported by high-income economies (HIEs) was just 2.5 percent, with important product areas like electric machinery, non-electric machinery and miscellaneous manufactured products (containing, e.g. electronic equipment and scientific devices) revealing even lower or rather considerably lower rates. While the low to middle-income economies (LMIEs) still had double-digit tariff rates across almost all product groups, and on average were over four times higher than HIEs, it is most significant that the percentage of LMIE tariffs bound exceeded 80 percent and was thus just roughly 10 percent lower than in the case of HIEs. Prior to the UR only 32 percent of the LMIE tariffs were bound, a far cry from the 85 percent of HIE imports bound.[16]

The adjustment to the agreed-upon UR tariff rates is supposed to be carried out in a stepwise manner beginning in January 1, 1995, and effected by all member countries by no later than January 1, 1999. For some countries, however, later deadlines were agreed upon, be it due to their low level of development or to special arrangements made for particular commodities.

Monitoring of the individual country obligations, based on their tariff schedules submitted to the WTO, is not foreseen with systematic control or reporting procedures. What does exist, however, are reverse notifications if the submitted obligations cannot be adhered to. In addition, should individual countries be subjected to a Trade Policy Review (see TPR Body in Diagram 1), then the extent to which tariffs are not being reduced in line with UR obligations, would be commented on in such a point in time.[17] But such reviews would occur for smaller countries no more than once every four, six or more years.[18]

Understandably, market access via tariff reductions at the Singapore Ministerial was not merely restricted to the agreed-upon reductions in the UR. Perhaps most important in this connection were the negotiations on information technology (IT) products, which had been initially brought to the fore by the USA. In the course of 1996 the US began to push the issue as an area in which completely liberalized trade was to be realized. This seemed to be all the more promising given the key role information technology products play in all economies, the

growth potential of such products as well as their importance in world trade.

Just how important these IT products have become in recent years can be seen in Table A6: They now account for over one eighth of the world's exports, up almost 50 percent in the period 1990–1995. But perhaps even more important with respect to factors shaping trade policy moves prior to the Singapore Ministerial is the relative importance of IT products for the individual countries, as this reflects negotiation preferences. Whereas countries like Singapore, Malaysia, Korea and Taiwan revealed above-average export shares in the range of 60–25 percent, even countries like Ireland, Japan, the USA and the United Kingdom had achieved above-average shares in the range of 25–15 percent. That extra-EU trade is relatively small is surprising.[19] Perhaps even more surprising is the fact that Germany's extra-EU IT exports are just barely larger than those of Mexico or Canada.

Aside from this, tactical reasons could also have prompted the US to table such a proposal. That is, it became evident early on in the discussions in the various committees/working groups at the WTO during preparations for the Singapore Ministerial, that the issue of labor standards was not going to be on the Singapore Ministerial declaration in a manner which would satisfy pressure groups in the USA. By selecting IT products, not only was future-oriented, cutting-edge technology being supported. Just as important was the fact that the industry, as labor/human capital intensive as it might be in some areas, was not organized in a manner to engender protectionist interest against possible increased competition via imports. This was all the more the case knowing that tariffs were in many cases very low to begin with.

Finally, improved access to HIEs for the least developed countries (LLDCs) via lower or no trade barriers is the third access issue to be discussed here. It is one which has become all the more crucial, the lower the average level of MFN tariffs become.[20] In the past, GATT/WTO paid tribute to the demands of LLDCs in numerous ways. This was first specified in the general aims of the GATT/WTO. But more important it became embedded in specific exemptions in the treaties themselves, i.e. by permitting exceptions to otherwise binding GATT/WTO rules. As concerns the UR (see Diagram 1), a special committee deals with aspects of trade and development and an attached subcommittee specifically covers least developed countries. As a matter of fact, virtually all the UR Agreements incorporated provisions which explicitly specified more favorable treatment of the least developed countries.

While in the case of non-tariff barriers on T&C products, i.e. the enaction of the MFA, which was never officially given dispensation by GATT, exemptions to MFN principles vis-à-vis LLDCs have been officially sanctioned. In the past it has been primarily the Generalized System of Preferences (GSP) which has received the most attention.[21] Based on the so-called "Enabling Clause" on special and differential treatment of developing countries,[22] the GATT/WTO framework merely provides the legal basis for HIEs to provide special preferences.

Since it does not state how this should be effected, it is left to the individual HIEs themselves to structure their own systems. This has led to widely differing regulations and to much ambiguity as concerns the interpretation of what is actually permitted. Actually, it probably could be contended that the GSP, particularly as concerns the rules of origin, has basically been turned into an instrument of commercial policy.

It can hardly be surprising to determine that across the EU, US and Japanese GSP regulations no common coherent set of rules governing rules of origin exists. Although the UR established a committee on rules of origin, the Round itself failed to adequately specify how origin should be defined. This increases the uncertainty surrounding the eligibility of a given product to receive preferential treatment. Thus the possibility is all the greater that trade barriers are enacted when exporters become particularly "competitive." On top of this, the US and the EU have expressed their intention to graduate more middle-income countries out of

the GSP, albeit applying differing definitions and procedures as concerning when and how countries are to be graduated out.[23]

b. What Should Have Been Achieved?

Whatever else might have been on the docket of the Singapore Ministerial, securing market access in line with the UR Agreements should have been foremost. In other words: Are the MFN tariff changes being carried out? Since the WTO leaves it up to the individual countries to report on their own implementation of the tariff reductions or rather on its failure to do so,[24] the "honor system" prevails. Given binding WTO budget constraints, this may be the only possible solution. However, at the Ministerial the question needed to be answered as to how implementation is being effected.[25] The report by the Market Access Committee underlines the need for increased control, in commenting on notification of quantitative restrictions in its pre-Ministerial stocktaking: Although all WTO members were to report the state of such restrictions to the Secretariat by January 16, 1996, only 22 members had done so by November 4, 1996. It is thus only consequent that the Council for Trade in Goods requested the Ministerial to establish "a body with a mandate to review the notification obligations and procedures throughout the WTO Agreement" (WTO [G/L/134] 1996b: 30).

The proposal put forth by the US to totally liberalize IT products by the year 2000 should have been considered for approval only after a thorough evaluation of the fulfillment of UR Agreements. That is: unfinished business first, new matters if time allows.

As concerns preferential treatment of LLDCs, if this is to be continued as one possible means of improving the economic development chances of the receiving countries, then it must be ensured that — across the board — the same procedures apply. This not only means permitting a full range of products to be included by all donor countries as well as clearly defined, liberal rules of origin but also similar, explicit conditions with respect to being graduated out of the GSP.

c. What Was Achieved?

The Singapore Ministerial did little to ensure that implementation of UR Agreements was being fully carried out. Despite the "high priority" attached to a "full and effective implementation," no WTO bodies were mandated to more forcefully oversee developments nor were additional bodies created to do so. In addition to this, the resources of the WTO itself have not been placed on a foundation which would permit the organization to effectively carry out the many new tasks assigned to it. Are those WTO members responsible for sharing most of the financial burden, playing politics with the organization, so as to make it less effective?

Instead of ensuring that UR Agreements have been adhered to, the Singapore Ministerial was used as an arena in which much time was spent hammering out the details of the IT Agreement (ITA). It foresaw a complete elimination of tariffs on IT products by 1/1/2000.[26] However, the implementation of the ITA was made dependent on increasing the number of signatory countries so at least 90 percent of world trade in ITA products was covered by 1/4/1997.[27] This target was already achieved in the course of March 1997 when 40 participants, accounting for 92.5 percent of world trade in IT products, agreed to enact implementation.[28]

In this industry, complete liberalization of internationally traded products has not been achieved. In particular, finished goods such as consumer electronics still enjoy protection in industrial countries as evidenced not only by tariff escalation and thus relatively high rates of effective protection but also by numerous anti-dumping actions initiated against Asian NIEs. Furthermore, ironically, the ITA helped cement a non-GATT consistent agreement between Japan and the United States concerning the marketing of semiconductors and expanded its coverage by permitting the EU and Korea to join.[29]

The measures agreed upon in Singapore to promote a better integration of LLDCs into the international division of labor seemed to be more forceful than what had been stated within

the UR Agreements. Not only was a Plan of Action announced, to include for instance duty-free access, but assistance in improving conditions for investment and fostering market access for LLDCs' products were proposed. Likewise, improvements in the Global System of Trade Preferences[30] were promised. Although it remains to be seen which specific measures will be effected in this connection, there would seem to be a degree of willingness to do more for those countries which have not yet benefited from the expansion in world trade. But it nonetheless also remains to be seen, whether HIEs will continue to be willing even when such countries do become competitive in sensitive areas, in exporting T&C products.[31] It would not be the first time that increased exports from LLDCs, like Bangladesh, led to restrictions in HIEs (see Spinanger 1987).

IV. Other Issues

1. Anti-Dumping Measures

One of the most divisive trade policy instruments in recent years have been anti-dumping measures (ADMs). They are divisive because their initiation virtually marks exporters as being guilty of trying to engage in predatory competition, even though such accusations have never really been proven. They are also divisive because — if dumping is "substantiated" by applying the accepted rules — they force consumers to accept higher prices and a more limited product selection. Finally, they are divisive because they impede industrial purchasers using such goods as intermediates in international competition. All this would have been reason enough to have AD rules tabled as a major issue at the Singapore Ministerial.

But not even the extensive use of ADMs over the past decade by industrialized countries (ICs), and the ever more extensive use by developing countries (LDCs) in the course of the 1990s (see Table A7), led to ADMs being prominently placed on the Singapore agenda. The issue was merely listed as part of the built-in agenda.[32] While it is true that in the UR a reformulation and a more demanding list of preconditions for using ADMs were agreed upon, these by no means eliminate and do not even minimize their use as one of the stronger forms of contingent protection.

To begin with, however, there is some good news: the total number of ADMs decreased noticeably in recent years, from roughly 240 per year in the period 1991–1994 to 150 per year in the two years thereafter (see Table A8). And particularly encouraging is that those initiated by industrialized countries — accounting for over 90 percent of the cases in the 1990–1994 period — dropped by almost two-thirds. The bad news is that developing countries have evidently found it quite opportune, if not effective, to enact ADMs. As a matter of fact, they finally surpassed industrialized countries in 1995/96 and now account for more than 60 percent of all ADMs initiated.[33] It is interesting to note that developing countries did not simply reciprocate against industrialized countries by initiating ADMs against them. Indeed, as can clearly be seen from Table 2 both Latin American as well as Asian developing countries concentrated a far greater share of their ADMs on imports from Asian, Latin American or EE/CIS imports in the 1993–1996 period than in the prior period.

Hence the Singapore Ministerial Agenda — despite the overt dangers emanating from a protectionistic thrust of ADMs — failed to ensure that long-standing weaknesses in the UR reformulation of ADMs were discussed, let alone corrected. The simple reason for this lack of actions being that industrialized and developing countries did not want to "rock the

Table 2 — Who Hit Whom with Anti-Dumping Measures (ADMs), 1985–1996[a]

Countries initiating ADMs	Countries hit by ADMs							
	NA (1)	WE (2)	ANZ (3)	LA (4)	ASIA (5)	EE/CIS[b] (6)	JAP[c] (7)	Total[d] (8)
				1985–1990[e]				
N. America (NA)[f]	33	70	1	37	71	20	42	284
W. Europe (WE)[g]	6	14	0	13	31	54	22	141
Australia/N.Zealand (ANZ)	21	54	5	11	53	11	7	168
Latin America (LA)[h]	8	7	0	2	5	2	4	28
Asia[i]	0	3	0	0	1	0	3	7
Total[d]	68	148	6	63	161	87	78	628
				1990–1993[e]				
N. America (NA)	30	75	5	32	57	28	17	247
W. Europe (WE)	2	0	0	2	33	29	9	83
Australia/N.Zealand (ANZ)	15	59	0	16	93	6	11	206
Latin America (LA)	26	5	0	14	18	4	0	67
Asia	2	0	0	3	7	0	5	17
Total[d]	75	164	5	67	209	67	42	647
				1993–1996[e]				
N. America (NA)	8	32	2	17	45	11	9	129
W. Europe (WE)	3	0	0	3	62	23	4	101
Australia/N.Zealand (ANZ)	4	14	0	2	46	0	2	79
Latin America (LA)	23	17	1	29	54	33	1	164
Asia	5	1	0	1	11	7	4	30
Total[d]	44	77	3	52	238	86	20	552

[a]Actual numbers of ADMs against countries in heading. — [b]Eastern Europe and former CIS countries. — [c]Japan. — [d]Actual numbers, sums may not add to total since African and Mediterranean rim countries not included. — [e]Years run from 1/7 to 30/6. Based on sums of all measures in the individual years. — [f]Canada and USA. — [g]EEC and EFTA. — [h]Central and South America plus Caribbean countries. — [i]From Mid-East (excluding Israel) to Korea (excluding Japan).

Source: GATT, WTO documents of Committee on AD practices.

boat" as concerns ADM contingent protection. It is of course true that a committee was set up by the Singapore Ministerial to deal with possibly incorporating competition policies into the WTO framework (see below). By doing so, attempts to quash competition by engaging in predatory dumping would naturally be covered. But beyond this, rules of origin — a major bone of contention in AD proceedings — still were not uniformly specified.[34]

But perhaps the most indicative evidence on how the UR AD rules are being interpreted is how initiating countries have behaved in the meantime. The most revealing case in point concerned the EU in dealing with dumping proceedings against 6 major suppliers of undyed cotton fabrics accounting for roughly 50 percent of EU external imports.[35] After the AD investigation had been concluded a simple majority decision was to be taken in May, 1997, as to whether the AD duties should be dropped or continued: the majority voted against continuation. However, contrary to clearly stipulated and WTO approved EU regulations, the Commission initiated (upon intense pressure from France) new review proceedings even though the mandatory "new evidence" had not been put forth. It was pure lobbying for jobs in France while flaunting the WTO rules.[36]

What could be included in a more effective AD regulation in order to ensure it is truly not used as "back door" protectionism? If a national balance sheet of the measures (including net losses for consumers and industrial purchasers) were taken, rather than the prevailing narrow industry approach, then no doubt the most blatant forms of protectionism would be eliminated. This would be a step in the right

direction, but for sure just a first step only on the road to totally eliminating ADMs.

2. Technical Standards and Similar Measures

With the level of tariffs on merchandise trade decreasing and the intensity of international trade increasing (for instance, as measured by the degree of intra-industry trade), non-tariff barriers in the form of technical, sanitary and phytosanitary standards have become new hurdles which threaten to limit market access.[37] Whereas codes were adopted during the Tokyo Round, these were only binding for those GATT members and third parties which specifically ratified them. The Uruguay Round changed this situation and made these agreements part and parcel of the Legal Texts.[38] One significant change made in the documents was their complete integration into the WTO system as concerns dispute settlements.

If it is an indication of how well the system was functioning up to the Singapore Ministerial and through mid-year 1997, it might be noted that less than ten percent of all requests entering the disputes settlement proceedings[39] deal with technical,[40] sanitary or phytosanitary issues. But does this correctly reflect the actual trade-related impact of these measures? This is surely not the case, as only with a WTO-wide legal application of common principles can the door to a trade potential be opened, which heretofore remained untapped. It is hence no doubt the lack of explicit problems which prompted the Singapore Ministerial to merely brush over this issue by listing the measures — together with numerous others — in the Work Programme and Built-in Agenda.

As understandable as this may have been in light of the full docket, it by no measure seems justified given the sizable protectionistic impact such measures embody. Two cases clearly underline why such standards must be made more transparent and more clearly linked to hard evidence.

First, Germany submitted to the GATT in September, 1993, the required notification concerning the intention to forbid the importation of textile products containing certain azo-dyes by the end of 1993. The reason given was that they were carcinogens.[41] The notification gave no indication whatsoever of the fact that, had the ordinance actually entered into force by the end of the year 1993, a very large share of imports of textiles and clothing would have been banned. The ordinance could not finally put into force until 1996 (it was postponed several times), after it became apparent that the deadlines could not be met. After all, textile and clothing companies around the world (but particularly in Asia) had to be able to ensure they had purged azo-dyes from their products.

Second, the ban imposed by the EC in 1989 on the importation of hormone-treated beef from Canada and the USA was based on the contention that such hormones could cause cancer and other abnormalities in human. The US and Canada accordingly took the case into the DSM and in July, 1997, a WTO DS Panel determined that no hard evidence on the purported link could be found.

From the above it can be concluded, first of all, that notifications of proposed technical barriers to trade need to incorporate reasonable estimates of the amount of imported products affected[42] in a manner which clearly and coherently illustrates the magnitude of impact. Secondly, why should not, in all those cases where subjective (borderline) judgments are made, consumers be left with the option making their own choice based on clearly labeled products? If this was applicable in the case of the German Purity Law for beer,[43] why should it not function in the case of beef? For sure, the number of cases where technical, sanitary and phytosanitary measures hinder trade will increase all the more — particularly in developing countries — the more the impact of trade liberalization works its way through the economies. To prevent such tendencies an explicit effort should have been taken to ensure that the welfare benefits of tariff liberalization are not nullified by a proliferation of NTBs.

Even more important, the issue of mutual recognition of national standards (provided that the product has been orderly marketed in the

origin countries for many years without damaging consumers' health) points to the critical distinction between the origin country principle and the destination country principle. The German beer case and the respective EU ruling exemplifies the country of origin principle which allows for competition between different national standards. Such competition is made impossible in the WTO framework, ruled by the national treatment requirement which is determined by the country of destination principle. Under this principle, it is WTO-consistent to refuse national standards of trading partners if domestic producers of like products subject to their own stricter standards, would be less favorably treated than imports and thus would be discriminated against imports.

3. Basic Telecommunications

Basic telecoms was not on the agenda of the Singapore Ministerial for the simple reason that negotiations, which had been put on hold in April, 1996, were not due to be officially resumed until mid-January, 1997.[44] While there were numerous reasons for not reaching an agreement by the end of April, 1996, it was basically the United States which did not view the number of offers, as well as their coverage, as sufficient and accordingly refused to ratify what had been agreed upon till then. Hence, the expectations placed on the Singapore Ministerial were essentially to provide the needed impulses to successfully conclude negotiations. This was all the more crucial knowing that basic telecoms represented the first major agreement in the area of services. Success could thus help to promote the stalled talks on financial and maritime transport services. The participants seemed to have been aware of their responsibilities in this connection and adopted a relatively strongly worded statement.[45]

That such efforts were made by the industrialized countries to finally reach agreement with 69 governments — as opposed to 48 as of April 30, 1996 — might be difficult to understand realizing that the EU, Japan and the United States alone accounted for almost 75 percent of the world telecom revenues in 1995.[46] However, first of all the growth potential in the developing countries — particularly in Asia — was a driving force behind the insistence that more countries join or rather improve their offers.[47] And secondly, basic telecoms was an area in which most countries had maintained highly restricted markets through government run or sanctioned monopolies. Being able to gain access to these markets would rapidly expand the potential revenues as well as the demand for telecom equipment.

An overriding incentive for all countries to achieve agreement was the fact that basic telecom services are a key ingredient in securing/maintaining locational competitiveness. This is not only highly relevant in the case of financial services, but is becoming ever more relevant in globalized industries and just-in-time production strategies. Obviously, any country attempting to restrict access to state-of-the-art telecom services is putting itself at a competitive disadvantage in a world where the factor time is becoming an ever more crucial ingredient in economic decisions.

The agreement in basic telecom services, reached on February 15th, 1997, was based on principles as prescribed in the General Agreement in Trade in Services (GATS). These were basically MFN principles unless otherwise an exemption was claimed.[48] It was signed by 69 governments (if EU countries are considered separately). 44 governments had improved their offer vis-à-vis April 1996 and 23 new offers were made. These not only covered cross-border trade but also foreign investment activities in host countries (see Table A9 for an overview). The countries participating account for over 90 percent of the global market. The commitments are to enter into force on 1 January, 1998, unless a country's annex to the agreement specifies a later date.[49]

Although the exemptions to market access make it somewhat difficult to estimate the impact of this agreement, with only 20 percent of telecom markets currently subject to competition, the price reduction potential is sizable and hence the prospects for demand expansion.[50] For sure, this is one area where con-

sumers will be able to notice the impact of the UR liberalization. Such direct UR-related benefits must be made clear to the public so as to promote the initiation of new rounds as well as to enhance the success of future trade liberalization rounds.

If the relatively strongly worded statement in the Singapore Ministerial Declaration helped pave the way towards an agreement on basic telecoms, then the financial services negotiations might also be able to benefit. Should this indeed occur the Singapore meeting will have provided crucial backing in implementing major agreements on services.

4. Regional Trade Agreements

The proliferation of regional trade agreements (RTAs) in recent years had led to a situation by 1994 in which all but 3 of the 128 GATT members were members of at least one regional agreement.[51] Since regional agreements by definition discriminate against non-members, there was reason to fear that the non-discrimination (i.e. MFN) principles of GATT were being undermined. It can thus hardly be surprising that one important result of the UR was to oversee and review regional agreements with respect to their WTO consistency. This was to be accomplished by the establishment of a permanent committee (see Diagram 1).[52]

The concern about their possible discriminatory impact still prevailed at the Singapore Ministerial, as is clearly documented by the context and prominent position this issue was given in the Declaration: "The expansion and extent of regional trade agreements make it important to analyze whether the system of WTO rights and obligations as it relates to regional trade agreements needs to be further clarified. ... and to ensure that [they] are complementary to [the multilateral trading system] and consistent with its rules." While there was a broad consensus prior to the Singapore Ministerial to push for tighter control of RTAs, the final wording did not come up to this level.

Indeed, there is reason enough to push for greater control over the WTO consistency of RTAs. First of all, based on a total of 98 agreements notified under Article XXIV of GATT (through early 1995) only 6 were found to conform with the letter of the law.[53] And of these 6, just 2 are still in existence (i.e. the customs union between the Czech and Slovak Republics and that between the Caribbean Community and Common Market) (WTO 1995b: Chapter 1). Second, a recent World Bank study of the Mercosur concluded that the "findings constitute evidence of the potential adverse effects of [RTAs] on members and on third countries." [54] Third, a global analysis of regional trade agreements came up with enough evidence on the negative economic impact of RTAs, to substantiate demands that the WTO needs to be stricter and far more effective in policing RTAs.[55] Fourth, it is essential to discipline integration schemes among developing countries since they can miss the two basic conditions of Art. XXIV GATT if they are notified under the aforementioned Enabling Clause (WTO 1995b). Taking refuge to this "wild card" would indeed seriously weaken the MFN principle.

Although some of the interfacing difficulties between the multilateral WTO system and regional trade agreements will gradually be reduced, if not eliminated, in the course of agreed-upon MFN tariff reductions, it is in particular the other trade-related measures which will continue to distort trade and investment flows. And eliminating these distortions will become all the more important as services and agricultural products are brought into the WTO framework. It must thus be feared that if RTAs are not more forcefully required to abide by WTO principles across the board, then the forecasted gains from the UR will be noticeably reduced. It can only be hoped that the less than strong wording in the Singapore Ministerial Declaration is backed up by stronger efforts on the part of the respective WTO bodies.

5. Dispute Settlement Mechanism

Out of all the newly created WTO institutions, the dispute settlement mechanism (DSM), with its Dispute Settlement Body, Dispute Settle-

ment Panels and Appellate Body (see Diagram 1), was seen as embodying that strength which was lacking in the GATT framework: namely the ability to reach a non-consensus, binding decision in a dispute concerning an infringement of prevailing WTO law and — if necessary — dictate its enforcement. In essence, it finally puts a bite in what used to be a very muted bark under the GATT regime. Logically, the expectations pinned on this institution were quite high as basically the success of the WTO depended on the effectiveness with which the threat of sanctions keep member states in-line with WTO principles. Or rather, in those cases where infringements do occur, force them to return to abiding by the principles.[56] Furthermore, and just as important, in those cases where rulings are seen as having erred, either in cases fact or (WTO) law, an appellate procedure was established.[57]

By the time the WTO Ministerial was about to convene in Singapore, 62 disputes had been brought into the DSM, since then another 26 cases have been submitted (Table 3). In other words, the DSM is being called upon more intensively.[58] All in all the entire DSM seemed to be performing well and decisions being abided by. Hence, there was but little the Singapore Ministerial thought it had to do, except to state that the DSM should continue to work effectively.

This may have been an oversight. First of all, two highly controversial judgments have been recently passed by dispute panels. One was the panel decision against the EU's banana regime which will be the first case in the WTO behind which massive political pressures stand, not only from EU and suppliers from the Lomé Group but also from the US. There can hardly be a question — at least in fact — that the appellate review will substantiate the panel's decisions since the case is relatively straightforward (it deals with the erection of non-tariff barriers). The second case was the panel de-

Table 3 — WTO Dispute Settlement Activities: 1/1/1995–2/7/1997

	Total requests	Adopted, issued or appealed	Active or requested panels	Pending consultations	Settled or inactive
Total:[a] 02/07/97	88	11	19	35	23
(26/10/96)	(62)	(7)	(9)	(36)	(10)
			By claimant[b]		
USA	30	2	9	13	6
EU	18	1	2	12	3
Canada	7	1	2	–	4
Japan	4	–	2	1	1
IC + LDCs	3	2	1	–	–
LDCs[c]	25	5	3	8	9
			By claimee[d]		
USA	15	4	2	5	4
EU	21	2	6	5	8
Canada	3	1	–	2	–
Japan	11	3	1	4	3
LDCs[e]	35	1	9	18	7

For information:

Developed vs.	developed: 32/developing: 25
Developing vs.	developed: 12/developing: 9
Developing + developed vs.	developed: 9/developing: 1

[a]The dates reflect the dates of the WTO DS website overviews. — [b]New Zealand has one case pending. — [c]Brazil and India initiates four cases each; Mexico three, the Philippines and Thailand two cases each. — [d]Australia has three cases against it. — [e]Brazil and Korea were charged seven times each; Indonesia and Turkey four times each.

Source: Own calculations based on WTO website, Dispute Settlement Overview.

cision against the EU's import prohibition of hormone-treated meat which challenges the ability of a member to establish unilaterally standards based on preferences but not on hard scientific evidence. Secondly, at such a crucial meeting as the Singapore Ministerial, whose purpose it should have also been to ensure that the UR agreements are freed of inconsistent or ambiguous wording, it would seem to have been essential to prompt an analysis of the cases being brought into the DSM. Such a review could shed light on areas where perhaps more coherent and/or more precise wording could reduce the number of disputes in the future. This must be considered to be all the more pressing in light of the probable future increase in dispute settlements as the WTO moves into the area of services and as environmental as well as sanitary/phytosanitary issues receive more attention.

V. New Topics

1. Labor Standards: Quo Vadis?

a. Background

At the same time major Asian T&C exporting countries tried to force attention to the weaknesses or rather failings of the ATC, certain industrialized countries (e.g. the United States, Norway, Belgium and France) worked hard to attempt to have a resolution dealing with labor standards (or social clauses) tabled at the Singapore Ministerial.[59] The goal was to bring about an effective inclusion of "core" labor standards into the WTO framework.[60]

While such issues had never been part of the GATT framework,[61] and did not gain entry into the WTO agreements, discussion about their "relevance" had become more intense in recent years.[62] For sure, labor and social issues were brought to the fore by being constantly and explicitly mentioned in connection with international trade during the Marrakech ceremony. But no doubt the underlying reason for the increased attention they were drawing was simply that the globalization of production had awakened individuals, pressure groups and politicians to the fact that competitors are no longer just over the border, but across continents.

High rates of unemployment — especially among unskilled workers — in numerous European countries and declining real wages in such groups in the US provided the necessary "evidence". Competitive imports were accused of achieving world market penetration via "exploitation" of labor under poor working conditions.[63] The obvious conclusion was to demand level playing fields as concerns labor standards. As an attempted first step in this direction, the United States and Norway submitted proposals to analyze trade liberalization in connection with the above mentioned core labor standards and report back to the 1998 Ministerial. These proposals were not accepted. Nor were analogies between environmental standards and labor standards correct as concerns the legitimacy of trade policy measures. While in the case of environmental standards, negative consumer externalities (e.g. threats to consumer's health) can theoretically justify trade policy measures to be applied against imports, such externalities (at least on the physical side) do not exist in the case of labor standards. The damage on the consumer's side is purely psychological and to allow such damage to justify trade policy measures would open a pandora's box of trade-restricting measures.[64]

The developing countries — particularly those in Asia — and also some industrialized countries (e.g. the United Kingdom) took issue with this approach. In the case of the Asian countries it was not only because they had already been subjected to numerous investigations focusing on working conditions in highly labor-intensive production processes. But also because an overall atmosphere had been spawned in which labor and social standards

seemed to be threatening to be introduced by some ICs as substitutes for agreed-upon tariff reductions in the UR.

Thereby, the issues should have caused less contention, since recent studies and developments had provided a better foundation upon which the issues could be viewed. First of all the OECD (1996) carried out an extensive study on core worker's rights and international trade. Among other things it showed that (pp. 12–13):

- "there is no correlation at the aggregate level between real-wage growth and the degree of observance of freedom-of-association rights;
- there is no evidence that low-standards countries enjoy a better global export performance than high-standards countries;
- the price of ... imports of textile products [e.g., into USA] does not appear to be associated with the degree of enforcement of child labor standards in exporting countries;
- there is a positive association over time between successfully sustained trade reform and improvements in core standards;
- aggregate [foreign direct investment] data suggest that core labor standards are not important determinants [vis-à-vis the location of investments] in the majority of cases."

Secondly, individual multinational firms in the context of their corporate governance responsibility were attempting to ensure that working conditions (as well as environmental issues) were given far more attention in foreign operations or in contracts with foreign firms.

Third, the ILO had been addressing such issues more actively in recent years and was also actively promoting its designated responsibilities in this area. That the ILO had certain competencies in handling the labor standards complex could be deduced from its tripartite set-up.

b. What Should Have Been Achieved?

Apart from well-founded arguments against the effectiveness and usefulness of trade policy instrument as a weapon against violation of labor rights, it is important to maintain the WTO as a "lean" institution concentrating on its core issues. Including labor standards in the WTO would open up areas of contention which would no doubt exceed those prevailing in the areas of trade and the environment, anti-dumping or technical barriers to trade.[65] Thus if the WTO is to succeed in fulfilling its mandate vis-à-vis the numerous, complex and highly demanding new UR commitments, it would likely be placing itself in jeopardy if it included labor standards. This would all the more be the case, knowing how difficult it will be to ensure over a longer period of time that the dispute settlement mechanism efficiently and effectively enforces WTO principles. After all, the lack of such enforcement was one basic weakness of the GATT system. Furthermore, given the highly tight organizational constraints placed on the WTO, including such issues would probably push the WTO beyond its capacity to fulfill its mandate, let alone ruining its effectiveness (see, for instance, Blackhurst 1996: 8).

In other words, ensuring that labor standards stay off the Singapore Declaration should have been a prime aim of all those WTO members interested in upholding basic GATT/WTO principles. Any mention of possible WTO activities in this area could well lead to more forceful attempts in the future to include labor standards in the WTO's fief. If this constellation evolved it would surely introduce a new generation of trade-restricting instruments without being able to enforce better working conditions in DCs.

c. What Was Achieved?

The issue of core labor standards did succeed in being placed on the Singapore Ministerial Declaration (paragraph 4), but it did not occur in connection with extending the WTO's activities in this direction. Explicitly, the ILO is stated as being the competent body "to set and deal with these standards." The fact that it is pointed out "that economic growth and development fostered by trade and further trade liberalization contribute to a promotion of these standards," supports the basic thrust of the WTO mandate. Furthermore, the fact that protectionism in this connection was rejected and tapping com-

parative advantages based on low wages was supported, gives additional backing to the basic WTO principles.

Hence, it would seem that — despite being included in the Declaration (even if towards the beginning of the document) — labor standards will not influence or rather burden WTO activities over the coming years. Nonetheless, this is for sure not the last time that the topic will have been brought to the fore in an attempt to place it in the WTO fief.

2. Competition Policies

a. Background

When GATT was ratified in 1948, trade was carried out at arms' length, marked by inter-company rather than intra-company links, across high tariff and non-tariff barriers, with products manufactured in one country and sold in another. Today's conditions differ dramatically, with intercontinental just-in-time deliveries, low tariffs and decreased use of quantitative restrictions, as well as products whose final production location may neither reflect the origin of the components nor the origin of the labor inputs. Declining transaction costs and the slicing up of the value added chain have coincided with an unprecedented growth of mergers and acquisitions. Globalization has been accompanied by a growing importance of monopolistic competition and cross-boundary inter-company networking. But what does this mean for the WTO?

It was indeed GATT's liberalization thrust which has brought systemic problems to the fore, which threaten to slow down, if not thwart the completion of a truly global trading system sans significant trade and investment barriers. One of the central issues is the degree to which national policies can be applied across international boundaries. And no problem embodied the ramification of these issues more than the clash between the EU and US over the merger of Boeing and McDonnell-Douglas in the first half of 1997. While it ended with an approval of the merger by the EU Commission in July, it raised fundamental questions. Why should a merger of two companies in the United States interest the EU? And if the EU does become interested, how is this to be interpreted in the WTO framework?

Following the Uruguay Round agreements and prior to the Singapore Ministerial, it had become increasingly apparent that a more open trading system was consequently revealing other possible barriers to entry.[66] This is documented in particular by a study on trade and competition policies published by the OECD (1994) and another published in 1996 (Bhagwati and Hudec) on fair trade and harmonization. In the latter it is noted (Levinsohn 1996: 329) that "trade theorists ... seemed to have ignored the existence of competition policy when investigating trade policy. The two interact in important ways, and pretending that trade policy takes place in the absence of any antitrust or competition policy is akin to pretending that standard tariff policy takes place in the absence of any domestic tax structure."

At issue is not only the country of origin principle, but the principle of market contestability. Hence, the EU objection to the Boeing-McDonnell-Douglas merger runs counter to the prevailing country of origin principle, and at the same time it is based on the supposition that — particular in strategic industries — market contestability cannot be ensured by free trade. However, in the case of the latter, it is not government implemented barriers which restrict trade, but also privately created market entry obstacles.[67]

The situation is more complicated than the extension of competition laws to foreign mergers. For instance, if a domestic company opts to shift production abroad it could conceivably be subjected to contingent protection proceedings (e.g. anti-dumping) initiated by a domestic company which remained in the country. Likewise, a foreign company, which had invested in a given country could initiate actions against a domestic company which had transferred production abroad.[68]

The difficulties in coming up with a solution to ensure that both trade policies and competition policies work in the same direction, i.e.

to improve welfare via a more efficient allocation of resources, are basically due to the fact that competition policies across countries differ with respect to their thrust, coverage and strictness of application. If all markets were completely contestable, then there would little need for competition policies. But since this is not the case, there was an urgency to deal with the ramifications of the issues at the Singapore Ministerial. It can hardly be surprising that it was Hong Kong, an economy where market contestability (at least in the manufacturing sector) is completely given, which staunchly lobbied for action to be taken in this connection.

b. What Should Have Been Achieved?

From an economic point of view, the issue of competition policies should have been dealt with in the context of ensuring that the maximum of existing GATT/WTO rules could have been applied to competition policy issues. Hoekman and Mavroidis (1994), for instance, see national treatment (Art. III), state trading enterprises (Art. XVII) and "nullification and impairment" (Art. XXIII) as suitable starting points to integrating competition policy into the trading system. Yet, this so-called "effects doctrine" (national competition rules are extended to companies falling under foreign jurisdiction) has to cope with the problem how to avoid international conflicts when market conduct of foreign companies violate domestic law but not foreign law. Unilateral retaliatory actions following "Section 301" of the US trade legislation could then become likely. Furthermore, GATT Contracting Parties having no domestic competition policy at all could fear not being well enough prepared to have their companies subjected to foreign competition law. Thus, the appeal of a genuine international competition law was undeniable even if the "effects doctrine" would have minimized the introduction of new legal measures and would have widely maintained regulatory competition for the most appropriate competition policy.

Such "minimum" treatment would have concentrated on (1) the impact of anti-competitive practices by companies and/or organizations on international trade as well as the impact of trade policies on competition; (2) the interconnection between investment, competition policy and trade; (3) the interrelationship between intellectual property rights and competition policies; (4) the conflict between competition policies and limited market access due to government regulated, sanctioned or condoned monopolies or imperfect competition.

c. What Was Achieved?

In perhaps one of its most important decisions, the Singapore Ministerial set up a working group to examine the issues.[69] Despite the innocuous wording of this decision and its placement at the end of the Declaration, the impact should not be underestimated.[70] Already the next year's "centennial" annual report will be focusing on this subject and in doing so will be setting the stage for the agenda on the upcoming WTO round of trade negotiations. The key question to be answered in this connection is: Will trade liberalization and GATT/WTO discipline be best served by adding to the trading system a global codex harmonizing national competition policies ex ante or by mutually recognizing well-functioning national competition policies (thus sticking to the "effects doctrine"). Or, should the two avenues merge in the way that only few common guidelines would be negotiated while the majority of issues would be covered by the existing GATT/WTO regulations?

3. Accession of New Members

a. Background

Over 50 countries still either have accession petitions pending or are potential members. But a glance at Table 1 and Table A1 quickly reveals that there are primarily just 2 countries whose accession is of eminent importance to fulfilling the WTO's brief of representing the world's trading system: they are greater China — including Taiwan — and Russia. This is particularly the case for China, with the largest

economy after the USA (in purchasing power terms), as well as one of the fastest growing in recent years, the second largest recipient of foreign investment (again after the USA), and the fifth largest exporter (after the USA, Germany, Japan and France). Given this constellation, discussion here will be focused on the People's Republic of China. This seems to be all the more acceptable knowing that many of the issues China is facing in its accession process are similar to those faced by Russia, Vietnam and other countries in transition.[71]

Prior to the Singapore Ministerial, China had been waiting over ten years since it first submitted an application (i.e. on July 10, 1986) to resume its status as a member of GATT. [72] It is true that the entire process has been complicated by China's insistence to be reinstated under the status of a GATT signatory Contracting Party.[73] However, besides the well-known political irritations influencing the United States' position vis-à-vis the terms of China's membership,[74] it was in essence China's own accession strategy which had long hindered progress. The "Chinese government could not tell GATT Contracting Parties how the Chinese economic system was going to develop, nor could it say whether or not the country was going to adapt a market economy. ... [This] situation continued until early 1992 when China declared its determination to establish a 'socialist market economy'. Following this, GATT Contracting Parties decided that China would be able to perform the fundamental obligations of the GATT" (Wang 1996: 56).

Given the basic commitment to establish a market economy, working party negotiations proceeded to attempt to achieve agreement on the contents of the formal WTO accession protocol.[75] These focused not only on market access, but in particular on the degree to which China would be able to apply special and differential treatment granted to all those countries classified as developing countries. Furthermore, it is still debated in industrialized countries' circles to what extent China itself as a developing economy should be allowed to benefit from all privileges granted under the Enabling Clause.

As concerns the former, China had submitted three major tariff reduction offers by the time of the Singapore Ministerial. While these proposals had progressively reduced the import-weighted average tariffs from initially 40 percent to 31 percent and then 18.5 percent in the second offer (see Bach et al. 1996: Table 1),[76] agreement still could not be reached because of the level of tariffs, but also because of the low degree of bindings and the prevalence of non-tariff barriers in numerous areas. The entire process of establishing a coherent and transparent import regime was further complicated by pressure from state owned enterprises (SOEs), which feared being subjected to additional competitive pressures in the course of their on-going restructuring process. Finally, in the context of removing barriers to entry into the fast-growing Chinese markets were the restrictions placed on individuals and/or companies to engage in foreign trade.

With respect to China's request to be considered a developing country (DC), thus enjoying the possibility to claim special and differential treatment (i.e. contrary to normal WTO principles), the standpoint held by the Quad group (i.e. Canada, the EU, Japan and the USA) had been that China is simply too large to be classified as a DC: This applies both in terms of its economic size as well as its large and rapidly expanding share in world trade (see above). That trade was expanding especially strong in areas of labor-intensive products made it "necessary" for some of the WTO members to request special safeguards should the inflow of Chinese products prove to be too disruptive. On the other hand, access to the Chinese economy was to be achieved as soon as feasible, at best within five years, rather than some 15 years preferred by Chinese officials. And access was not only interpreted as referring to trade in goods, but also as applying to services. Likewise, regulating intellectual property issues was seen as crucial in connection with China's need for access to state-of-the-art technology and production methods.

By the time the Singapore Ministerial had begun, the Chinese position seemed to be reflecting a greater realization of what the WTO required in order to fulfill its brief. This was no doubt nurtured by evidence that — despite structural adjustment difficulties — China would profit greatly from a WTO membership (see Bach et al. 1996). On the other hand, the Quad countries were exhibiting a greater degree of flexibility in their demands reflecting not only the idea that dealing with Chinese-induced trade problems could be easier within the confines of the WTO. Beyond this there were issues pending for the coming century which needed to be addressed and solved with China's involvement.

b. What Should Have Been Achieved?

It must be made clear that the issue of accession of new members was something which could not have occupied the time of WTO members during the Singapore Ministerial. The preinstituted procedures are run independent of and outside such fora. Nonetheless the Ministerial should have made a point of underlining the necessity to abide by GATT MFN and non-discriminating principles. While GATT/WTO does indeed permit deviation from such principles, numerous examples of how difficult it is to move back to the true path, pave the history of GATT.[77] Hence, in light of the forthcoming challenges brought upon by increased globalization and accordingly the need to be able to efficiently react to undistorted market signals, strong wording should have been written into the final declaration. But such wording should not only be aimed at aspiring new members, but also at those Contracting Parties requesting exemptions or long phase-out periods.

c. What Was Achieved?

The accessions of new members to the WTO was given perfunctory treatment in the Singapore Ministerial: but two diplomatically worded sentences in point 8 of the Declaration can be found. In light of the continuing difficulties in trying to sort out what China must liberalize, postpone or be exempted from, a more forceful effort should have been made.[78] This must be all the more strongly emphasized knowing that India recently has been stonewalling against granting market access (i.e. removal of non-tariff barriers) over a shorter period than seven years. After all, they maintained import controls as a signatory GATT member on consumer goods due to "balance-of-payments" reasons for a very extended period of time. Furthermore, India has copied the liberalization process of the individual product categories followed by Canada, the EU and USA when the ATC liberalization schedule was setup: the most sensitive products were liberalized only at the very end of the period (see Section III.1). It can well be assumed that China, Russia and other transition economies will be closely observing whether a GATT signatory country receives preferential treatment in a core area of GATT principles. In general, the Singapore meeting failed to recognize the advantages of submitting China to GATT/WTO discipline and of accelerating the process of shifting domestic measures toward non-discrimination and transparency. Instead, the status quo of enforcing unilateral actions against an alleged state trading economy still appeals to industrialized countries, probably for mainly non-economic reasons.

Perhaps the Singapore Ministerial could have proposed a liberalization process for countries seeking accession which would ensure that sensitive industries are subjected to liberalization through out the process, and not just at the very end. This could be achieved by having half of each tranche liberalized randomly selected and the other half selected by the specific country. This, for instance, would have helped to dispel some of the criticism of the ATC and would eliminate much of the backloading in other situations. While it is true that such a randomly generated liberalization procedure could involve highly sensitive areas being liberalized initially, it does have the advantage of doing this completely impartially. And this should be a welcomed ingredient in trade negotiations as far as WTO principles are concerned.

VI. The WTO after Singapore: Much Still to Do

The First WTO Ministerial Conference was not a breakthrough in committing the Contracting Parties to more forcefully implement what was ratified in Marrakech. Nor did it pave the way to speeding up the accession of new members like China and Russia — whose application have been long pending. In addition, what appeared to be a clear success in liberalizing new sectors like information technology, must be viewed more skeptically in the light of the small print following the announcements.

Specifically, much still must be done in the following areas:

(*i*) Nothing was done to correct the *meager implementation record (i.e. "sham liberalization") in the phasing out of market access restrictions in textiles and clothing*. As a result of postponing liberalization of the most sensitive products to the latest possible moment, it must be feared that an impasse is deliberately being created which could well permit but yet another postponement in the elimination of very costly non-tariff barriers. Again, sticking to reciprocity when unilateral liberalization steps within the WTO framework would promise sizable welfare gains — as all CGE model estimates show — signals a revival of mercantilistic principles, which should long have been overcome in the era of global markets and just-in-time manufacturing.

(*ii*) The core of *market access was seemingly brushed over* to make room for an agreement on free trade in information technology products which is flawed for two reasons. First, it excludes highly protected consumer electronics and second, it expanded the international marketing "cartel" for semiconductors to include the EU and Korea (aside from the founding members US and Japan). Likewise, ensuring that technical and similar standards did not prove to be increasing barrier to trade was relegated to an also-mentioned position.

(*iii*) *Anti-dumping measures*, being the essence of so-called contingent protection, *have continued to play a major role in trying to reduce competition*. Though their use by industrialized countries slowed down noticeably, a new threat arose, as developing countries (with AD legislation now on their books) no longer refrain from opening anti-dumping procedures against industrialized countries and even more so against other developing countries. Furthermore, no attempt was taken to ensure that instead of the prevailing narrow industry perspective, a national balance sheet of gains and losses (including interests of consumers and industrial purchasers) is required in the future in order to restrict introduction and proliferation of these measures.

(*iv*) The Singapore *Ministerial failed to clearly set the stage for fulfilling the WTO's brief as a universal institution*. No clear guidelines were established to quickly and effectively bring Russia and China into the WTO.

(*v*) *Restricting refuge in the exceptions of non-discrimination*, for instance by developing countries drawing the "wild card" of the Enabling Clause in regional integration schemes, *was not successful*.

(*vi*) Finally, it may be too early to extrapolate the considerable success of the dispute settlement mechanism. *It still remains to be seen whether Contracting Parties will really accept decisions against their expressed interests* in issues of critical importance as in the EU banana case, or in cases where arguments of national security are invoked. So far, however, the success of the DSM has exceeded expectations.

There is one issue which deserves utmost attention when it comes to subjecting Contracting Parties to GATT/WTO discipline. In the future, the lion's share of measures influencing access to markets will no longer focus on border measures but rather on domestic measures. Yet, domestic measures are deeply rooted in institutional settings of the individual countries determined by preferences, income levels, culture and history. They are in essence immobile elements of a country's resource endowment and should be al-

lowed to be exposed to competition from other regulatory systems by mutual recognition, provided certain minimum rules are met. This is the core of the so-called rules of origin country principle.

However, there is reason for concern that the WTO, with the prevailing MFN and national treatment principles, based on the country of destination principle will be pushed by the large trading countries, favoring ex ante harmonization of domestic rules, thereby going far beyond the minimum requirements. While at the Singapore Ministerial the launching of ex ante harmonization could be prevented in labor standards and also investment regulations, the trend towards harmonization in environmental standards is already on the way. It must be feared that the key argument in favor of ex ante harmonization, the existence of public goods and market failure, will be extended much too far to encompass all domestic measures which have a bearing on international trade and investment. Yet, in the majority of cases, the effects of violating non-discrimination principles, would have to be shouldered by those who exert such restrictions and thus be internalized. Countries, for instance, which discriminate against non-residents in investment, would be shooting themselves in their foot, as they would attract less investment.

In the past, the key characteristics of the GATT, the reliance on the country of destination principle, was not a major weakness as long as the removal of border measures and the ex ante harmonization of certain regulations in international trade (for instance, customs valuation, common tariff nomenclature) offered positive externalities. With the shift from border to domestic measures, such externalities are becoming rarer. Instead, it has to be feared that those Contracting Parties, whose interests are to contain regulatory competition in order to slow down the adjustment pressure, will abuse the WTO as a forum to enforce these interests by urging for ex ante harmonization. The Singapore Ministerial was able to defend the WTO against such vested interests in labor standards. But having won this battle does not guarantee that the war will be won. If the Singapore Ministerial had, however, first concentrated on its unfinished core task of WTO/GATT discipline in applying border measures and then marked the starting point of minimizing the use of the country of destination principle in subjecting domestic measures to GATT/WTO discipline, this First WTO Ministerial could be rightly heralded as a milestone in balancing common principles and national diversity.

Annex

Table A1 — WTO Membership Status as of August 1, 1997

Member as of 1/1/95[a]	Member joining in		
	1995[b]	1996[b]	1997 or pending[c]
		Africa	
Côte d'Ivoire	Zimbabwe (3/5)	Benin (22/2)	Zaire (1/1)
Gabon	Tunisia (29/5)	Rwanda (22/5)	Congo (27/3)
Ghana	Botswana (31/5)	Chad (19/10)	
Kenya	Central African Rep. (31/5)	Gambia (23/10)	Algeria (p)
Mauritius	Djibouti (31/5)	Angola (23/11)	Seychelles (p)
Morocco	Guinea Bissau (31/5)	Niger (13/12)	Sudan (p)
Namibia	Lesotho (31/5)		
Nigeria	Malawi (31/5)		
Senegal	Mali (31/5)		
South Africa	Mauritania (31/5)		
Swaziland	Togo (31/5)		
Tanzania	Burkina Faso (3/6)		
Uganda	Egypt (30/6)		
Zambia	Burundi (23/7)		
	Sierra Leone (23/7)		
	Mozambique (26/8)		
	Guinea Rep. (25/10)		
	Madagascar (17/11)		
	Cameroon (13/12)		
		Americas	
Antigua & Barbuda	Trinidad & Tobago (1/3)	Ecuador (21/1)	Panama (p)[d]
Argentina	Dominican Rep. (9/3)	Haiti (30/1)	
Barbados	Jamaica (9/3)	St. Kitts & Nevis (21/2)	
Belize	Cuba (20/4)	Grenada (22/2)	
Brazil	Colombia (30/4)		
Canada	El Salvador (7/5)		
Chile	Guatemala (21/7)		
Costa Rica	Nicaragua (3/9)		
Dominica	Bolivia (13/9)		
Guyana			
Honduras			
Mexico			
Paraguay			
Peru			
St. Lucia			
St. Vincent & the Grenadines			
Surinam			
United States			
Uruguay			
Venezuela			
		Asia/Pacific	
Australia	Israel (21/4)	Qatar (13/1)	Mongolia (29/1)
Bahrain	Maldives (31/5)	Fiji (14/1)	
Bangladesh		United Arab Emirates (10/4)	Cambodia (p)
Brunei Darussalam		Papua New Guinea (9/6)	China, People's Rep. of (p)
Hong Kong		Solomon Islands (26/7)	Jordan (p)
India			Nepal (p)
Indonesia			Saudi Arabia (p)
Japan			Sultanate of Oman (p)
Korea			Taiwan (p)
Kuwait			Tonga (p)
Macao			Vanuatu (p)

Table A1 continued

Member as of 1/1/95[a]	Member joining in		
	1995[b]	1996[b]	1997 or pending[c]
Malaysia			Vietnam (p)
Myanmar			
New Zealand			
Pakistan			
Philippines			
Singapore			
Sri Lanka			
Thailand			
		Europe/former CIS	
Austria	Turkey (26/3)	Bulgaria (1/12)	Albania (p)
Belgium	Poland (1/7)		Armenia (p)
Czech Rep.	Cyprus (30/7)		Azerbaijan (p)
Denmark	Slovenia (30/7)		Belarus (p)
European Community	Liechtenstein (1/9)		Croatia (p)
Finland			Estonia (p)
France			Georgia (p)
Germany			Kazakhstan (p)
Greece			Kirgyz Rep. (p)
Hungary			Latvia (p)
Iceland			Lithuania (p)
Ireland			Macedonia, Former Yug. Rep. of (p)
Italy			Moldova (p)
Luxembourg			Russian Federation (p)
Malta			Ukraine (p)
Netherlands			Uzbekistan (p)
Norway			
Portugal			
Romania			
Slovak Rep.			
Spain			
Sweden			
Switzerland			
United Kingdom			

[a]Initial WTO members. — [b]Day/month of membership in ( ). — [c](p) = pending . — [d]Approved 2/10/1996; membership 30 days after national approval.

Source: Based on WTO membership list on WTO home page.

Table A2 — Overview of Results of GATT Multilateral Trade Negotiations

Round (Year)	Countries involved	Merchandise trade covered		Average tariff cut[c]	Average final tariff[c]
		current $[a]	% of world exports[b]		
(1)	(2)	(3)	(4)	(5)	(6)
Geneva (1947)	23	10	20	35	–
Annecy (1949)	33	–	–	–	–
Torquay (1950–51)	34	–	–	25	–
Geneva (1955–56)	22	3	3	–	–
Geneva (1960–62)[d]	45	5	4	–	–
Geneva (1964–67)[e]	48	40	21	35	8.7
Geneva (1973–79)[f]	99	300	19	34	4.7g/6.3[h]
Geneva (1986–94)[i]	123	4,180[j]	99[j]	35	3.8g

[a]Billion US$. — [b]World exports taken from IMF (1972: xii–xiii and 1996: 114–115). — [c]In percent. — [d]Dillon Round. — [e]Kennedy Round. — [f]Tokyo Round. — [g]Weighted average in world's nine major industrial markets (WTO 1996a: 6). — [h]Manufactured imports into industrialized countries (Martin and Winters 1993: 9). — [i]Uruguay Round. — [j]Note that this is only the goods part of the UR results. On top of this figure which is total merchandise trade, come the results from all the services now integrated or to be integrated into the WTO. To be comparable with the prior figures it should be adjusted for those countries not WTO members. However, since most of those not in the WTO have applied for membership, it will soon be relevant.

Source: Jackson (1994: 53).

Table A3 — Overview of Computable General Equilibrium Assessments of the Uruguay Round[a] — Sectoral Distribution of Welfare Effects (in Percent)

Study[b]	Model[c]	Sectors specified					
		agriculture	primary	MFA	manufact.	services	tariffs
1.		5		14			81
2.	I[d]	68		15	18		
	II[e]	38		12	49		
	III[f]	61		17	23		
3.	I[g]	9	3	35	53		
	II[h]	3	6	61	30		
	III[h]	3	7	50	39		
4.	I[g]	31		39			30
	II[h]	10		64			26
5.	I	46		29			24
	II	26		37			37
6.		34		40		14	12

[a]Drawn from François et al. (1996, Table 1, last column); please see original for specifics. — [b]Study: 1 = Hertel et al. (1995); 2 = Harrison et al. (1995); 3 = François et al. (1995); 4 = François et al. (1994); 5 = Yang (1994); 6 = Nguyen et al. (1993). — [c]The Roman numerals designate model runs carried out under differing assumptions; the reader is advised to refer to the original tables in the articles to examine in depth the structure and the underlying assumptions. — [d]Static. — [e]Dynamic. — [f]Static; not perfect competition (PC). — [g]Steady state. — [h]Steady state, no PC.

Table A4 — Unweighted (A)[a] and Trade-Weighted (B)[b] Distribution of Prevailing Set Growth Rates (%) for Selected T&C Suppliers Exporting to EU

Suppliers[c]	≤ 1	1–1.5	1.5–2	2–3	3–4	4–6	> 6
				A			
Hong Kong (28)	32.1	7.1	14.2	32.1	10.7	3.6	–
China (31)	3.2	–	6.4	16.1	29.0	45.2	–
Indonesia (8)	–	–	–	12.5	25.0	62.5	–
Thailand (16)	–	–	–	18.8	6.3	68.8	6.3
India (15)	–	–	13.3	13.3	20.0	53.3	–
Pakistan (13)	–	–	–	23.1	7.7	30.8	–
				B			
Hong Kong (85.7)	59.6	8.6	5.0	10.6	1.5	0.4	–
China (69.1)	2.8	–	14.4	9.1	12.9	29.9	–
Indonesia (43.7)	–	–	–	2.0	22.8	18.9	–
Thailand (47.8)	–	–	–	36.6	0.8	8.2	2.2
India (68.9)	–	–	40.2	9.7	8.2	10.8	–
Pakistan (52.0)	–	–	–	29.8	17.5	4.7	–

[a]Based on growth rates averaged over the number of products restrained by the EU. — [b]Based on trade-weighted growth rates for restrained imports of EU. — [c]The numbers in ( ) in section "A" represent the number of products restrained by EU. The numbers in ( ) in "B" represent the sum of trade-weighted shares covered by restraints in percent of total T&C imports.

Source: Own calculations based on GATT COM.TEX documents from Textiles Surveillance Body.

Table A5 — Tariff Concessions Given and Received: Post Uruguay Round Tariff Rates[a] and Percent Reductions[b] by Selected Countries

Product category	Canada		EU (12)		Japan		USA		LMIE[c]		HIE[c]	
	Tariff rate	Percent reduction	Tariff rate	Percent reduction	Tariff rate	Percent reduction	Tariff rate	Percent reduction	Tariff rate	Percent reduction	Tariff rate	Percent reduction
	Tariff concessions given											
Agriculture[d]	7.0	–	15.7	5.9	65.1	36.6	10.8	1.5	17.4	43.0	26.9	26.9
Textiles/clothing	14.2	5.7	8.7	2.0	7.2	2.3	14.8	2.0	21.2	8.5	8.4	2.6
Metals	1.5	5.5	1.0	3.3	0.5	2.1	1.1	3.8	10.8	9.5	0.9	3.4
Chemicals, etc.[e]	2.6	5.9	3.8	3.3	1.2	2.5	2.5	4.9	12.4	9.7	2.2	3.7
Transportation equip.	3.2	3.0	5.5	2.4	0.0	3.9	3.4	1.1	19.9	10.1	4.2	2.6
NE machinery[f]	1.2	4.1	1.4	3.0	0.0	3.9	0.9	2.8	13.5	6.5	1.1	3.1
Electric machinery	1.6	5.3	5.4	3.5	0.1	2.3	1.7	2.5	14.6	7.7	2.3	3.2
Industrial goods	2.6	4.8	2.9	2.9	1.4	2.6	3.1	2.9	13.3	8.1	2.5	3.1
All merch. trade	2.4	4.7	2.8	3.1	2.8	2.7	2.8	2.9	13.3	8.1	2.6	3.2
	Tariff concessions received											
Agriculture[d]	41.2	40.7	33.6	52.6	6.6	13.8	37.6	46.7	13.3	17.1	39.5	40.0
Textiles/clothing	7.1	5.3	11.4	4.3	8.6	5.9	9.7	4.8	8.8	2.7	10.9	3.9
Metals	0.6	2.8	5.2	5.3	4.8	6.8	3.1	3.3	2.3	3.4	3.2	4.3
Chemicals, etc.[e]	1.8	5.3	5.2	5.5	5.9	6.6	4.9	4.4	4.8	4.7	4.8	5.0
Transportation equip.	1.0	4.1	5.0	3.2	8.3	3.4	2.3	3.7	5.6	2.2	6.5	3.3
NE machinery[f]	0.8	3.7	5.4	3.5	3.9	3.7	3.0	3.7	2.9	3.1	3.6	3.4
Electric machinery	2.4	4.0	7.9	3.9	4.7	3.8	4.9	4.9	2.7	3.4	5.0	3.8
Industrial goods	0.6	4.3	5.3	4.3	5.2	4.3	3.3	4.1	4.0	3.3	4.4	3.9
All merch. trade	0.8	4.0	5.5	4.2	3.5	3.9	3.8	4.1	3.9	3.5	4.5	3.9

[a]Applied rates; percent. — [b]Weighted changes; calculated by dT/(1+T) in percent. — [c]Low- and Middle-Income Economies as well as High-Income Economies as listed in Finger et al. (1996: Table 1). — [d]Excludes fish, includes tariff equivalents of non-tariff barriers. — [e]Includes photographic supplies. — [f]NE = non-electric.

Source: Excerpted from Finger et al. (1996: various tables in sections G.1, G.2, R.1 and R.2).

Table A6 — International Trade in Information Technology (IT)[a] and Textile and Clothing (T&C)[b] Products: 1990 and 1995[c]

Exporters/Importers	IT Products						T&C Products			
	exports			imports			exports		imports	
	value[d]	share[e]		value[d]	share[e]		share[e]		share[e]	
	1995	1990	1995	1995	1990	1995	1990	1995	1990	1995
World[f]	594.8	8.8	12.2	–	–	–	6.3	6.3	–	–
1. Japan	106.6	23.3	24.1	37.7	4.0	11.2	2.2	1.7	5.4	7.4
2. USA	98.0	13.1	16.8	139.9	12.3	18.2	2.0	2.4	2.7	3.7
3. Singapore	41.3	42.1	59.4	24.7	20.6	32.6	3.3	1.2	3.2	2.2
4. United Kingdom[f,g]	36.6	10.4	15.1	37.3	10.8	1.40	4.0	4.0	6.2	6.0
5. Korea	33.2	22.1	26.6	16.5	11.1	12.2	21.4	13.8	3.0	3.7
6. Malaysia	32.8	27.9	44.3	22.2	19.6	28.8	5.7	4.6	3.6	2.2
7. Germany[f,h]	31.2	5.0	6.1	43.1	8.2	9.7	5.5	4.8	9.0	8.2
8. Taiwan	28.7	21.0	25.4	16.5	13.6	16.0	15.0	13.6	2.3	2.6
9. France[f,i]	20.9	5.7	7.3	24.8	7.7	9.1	5.0	4.6	6.8	6.4
10. Netherlands[f,j]	20.4	7.7	10.4	20.7	9.7	11.8	3.9	3.2	6.7	4.8
11. China	14.5	–	9.7	14.4	–	10.9	27.2	25.6	10.0	9.0
12. Thailand	12.2	15.3	21.6	10.4	10.2	14.7	16.2	11.8	3.1	2.8
13. Ireland[f,k]	11.8	21.7	26.7	8.0	13.8	24.8	4.3	2.6	7.1	4.4
14 Mexico	11.7	1.6	14.7	9.6	6.6	13.0	3.1	5.0	3.9	5.1
15. Canada	11.6	4.4	6.0	19.8	8.5	12.1	0.8	1.2	4.1	3.6
16. Italy[f,l]	10.5	4.6	4.6	15.2	7.3	7.5	12.6	11.6	4.8	5.4
For information:										
Extra-EU	57.1	5.2	7.6	104.8	11.4	14.3	5.1	4.8	7.5	8.4

[a]SITC divisions 75, 76 and 776. — [b]SITC divisions 65 and 84. — [c]Underlined shares represent above world average share in exports/imports. — [d]Value of exports to world in billion US$. — [e]Share in respective exporters/importers total trade. — [f]Includes intra-custom union exports. — [g]Extra-EU IT exports/imports: 11.8/22.3. — [h]Extra-EU IT exports/imports: 12.4/22.8. — [i]Extra-EU IT exports/imports: 7.6/10.6. — [j]Extra-EU IT exports/imports: 3.3/12.1. — [k]Extra-EU IT exports/imports: 3.6/5.0. — [l]Extra-EU IT exports/imports: 4.3/4.8.

Source: WTO (1996a, Vol. II: Tables IV 38, -39, -52, -53, -59, -60).

Table A7 — Anti-Dumping Actions of Selected Countries — Initiated and in Force: 1980–1996

Countries initiating AD actions	Actions taken in[a]				Actions in force	Actions[b] taken in	Actions in force
	1980–84[c] (1)	1984–89[d] (2)	1990–94[e] (3)	1994–95[f] (4)	1995[g] (5)	1995–96 (6)	1996[g] (7)
Industrialized countries[h]	185	138	179	91	663	55	689
Australia[i]	65	39	53	6	86	8	86
Canada[j]	44	24	29	9	91	6	96
EU[k]	34	27	33	37	157	16	171
Japan[l]	0	0	1	0	2	0	3
New Zealand[m]	1	5	6	9	22	9	26
USA[n]	39	44	57	30	305	16	307
Developing countries[h]	1	8	13	69	136	91	194
Argentina	–	–	–	6	3	42	28
Brazil[o]	–	–	6	12	18	1	20
Colombia[p]	–	–	3	1	6	5	7
India	–	–	–	9	5	5	8
Korea[q]	–	–	2	3	6	6	8
Mexico	–	–	–	18	42	3	61
South Africa[r]	1	1	2	9	15	14	15
Turkey	–	–	–	2	38	0	38
Others	–	–	–	9	3	15	9
Total	186	146	192	160	799	146	883

[a]Average per year. Since data for some countries are not complete actual number of actions could be slightly higher. — [b]From 1/7 to 30/6. — [c]From 1/1/1980 to 30/6/1984. — [d]From 1/7/1984 to 30/6/1989. — [e]Yearly average of available data. — [f]From 1/7/1994 to 30/6/1995. — [g]As of June 30th (1997). — [h]Includes countries not listed. — [i]For col. 3 based on data 1989–1993 (GATT 1994c: 57). — [j]For col. 3 based on data in WTO (1997d: 31). — [k]For col. 3 based on data 1/1/1990 to 31/12/1994 (WTO 1995c: Table IV.2). — [l]For col. 3 based on data 1990–1994 (GATT 1995: 72–73). — [m]For cols 1–3 based on data from WTO (1996g: Table III.6). — [n]For col. 3 based on data 1990–1994 (WTO 1997f: Table III.3). — [o]For col. 3 based on data 1990–1994 WTO (1997c: 64). — [p]For col. 3 based on data 1991–1994 (WTO 1997e: Table IV.7). — [q]For col. 3 based on data 1992–1994 (WTO 1996f: Table III.5). — [r]For col. 3 based on data 1980–1992 (GATT 1993: Table IV.10).

Source: For cols 1 and 2 basically (see above) Finger (1993: Table 1.1); for cols 4 and 5 WTO (1995b: Annex B); for cols 6 and 7 WTO (1996c: Annex C).

Table A8 — Anti-Dumping Actions[a] against Selected Countries: 1985–1996[b]

Countries subjected to AD actions	Number of actions[a] in							Total
	1985–90 (1)	1990/91 (2)	1991/92 (3)	1992/93 (4)	1993/94 (5)	1994/95 (6)	1995/96 (7)	1985–96 (8)
Industrialized countries[c]	299	90	90	**106**	63	32	49	781
Australia/New Zealand	6	*0*	2	**3**	2	*0*	1	14
Canada	16	2	**7**	6	*0*	1	1	33
EU[d]	146	53	45	**63**	33	*17*	27	384
Germany	36	8	5	**15**	5	*4*	7	80
France	18	5	7	**11**	5	*0*	2	48
Italy	14	6	6	**7**	5	6	*2*	46
United Kingdom	18	5	**8**	**8**	5	*1*	6	51
Japan	78	**17**	12	13	7	7	*6*	140
USA	52	18	**21**	**21**	**21**	*7*	14	154
Developing countries[c]	329	*85*	147	129	**184**	125	99	1,046
Latin America	63	23	21	23	*14*	*14*	**24**	182
C. America[e]	10	3	**5**	4	*1*	**5**	**5**	33
Mexico	9	3	**5**	3	*1*	**5**	**5**	31
S. America	53	**20**	16	19	13	*9*	19	149
Brazil	30	8	7	**15**	6	*5*	13	84
E. Europe[f]	83	11	9	**18**	11	6	*4*	142
C.I.S.	4	0	15	14	**35**	29	*1*	98
Mediterranean Rim[h]	13	6	4	3	**8**	*2*	5	41
Africa[i]	4	*0*	1	4	**8**	2	7	26
Asia[j]	161	*45*	97	67	**108**	72	58	608
S. Asia[k]	5	5	10	7	**16**	*4*	5	52
India	5	5	7	7	**8**	*3*	4	39
S.E. Asia[l]	29	11	21	18	**35**	22	*10*	146
Indonesia	2	*1*	5	4	**8**	**8**	4	32
Thailand	7	*4*	6	7	**11**	7	*4*	46
E. Asia	124	*29*	**63**	42	57	46	43	404
China	18	*12*	24	15	**33**	27	30	159
Hong Kong	15	2	**4**	2	3	**4**	*1*	31
Korea	52	*9*	**19**	16	13	10	*9*	128
Taiwan	39	6	**16**	9	8	5	*3*	86
Total[c]	628	175	237	235	**247**	157	*148*	1,827

Note: Due to different sources the values may differ slightly from Table A7.

[a]In the years 1990–96 **bold** type indicates the **highest** number of actions in the period; the numbers in the **grey** shaded area represent the **lowest** number of actions in the period. — [b]The annual reports cover the period from 1/7 to 30/6. — [c]Includes countries not listed. — [d]EU15 throughout entire period. — [e]Includes Caribbean countries. — [f]Includes Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia. — [g]All other former socialist countries in Eastern Europe/USSR. — [h]Northern Africa from Morocco to Egypt plus Israel, Turkey, Cyprus and Malta. — [i]All other African countries. — [j]Includes Middle East/West Asian countries. — [k]Includes also Pakistan, Bangladesh and Sri Lanka. — [l]Includes also Malaysia, Singapore, Vietnam, the Philippines and Papua New Guinea.

Source: GATT, WTO documents of AD notifications.

Table A9 — Overview of Results of WTO Basic Telecommunications Negotiations for Selected Countries

Member[a]	Population (1)[c]	Telecom revenues (2)[d]	Voice telephone[b] (3)[e]	(4)[f]	(5)[g]	(6)[h]	Data transmission (7)[i]	Mobile: Terrest. (8)[j]	Mobile: Sat. (9)	Fixed Sat. (10)	Other (11)[k]	MFN exemption (12)[l]
USA	260.6	178.8	L	LD	I	R	x	x	x	x		x
EU15[m]	370.9	170.2	L	LD	I	R	x	x	x	x		
Japan	125.0	93.9	L	LD	I	R	x	x	x	x		
Australia[n]	17.8	11.4	L	LD	I	R	x	x	x	x		
Canada	29.2	10.7	L	LD	(I)	R	x	x	x	x		
Switzerland[o,p]	7.0	8.9					x					
Korea	44.5	8.7	L	LD	I	(R)	x	x	x	x		
Brazil[o,p]	159.1	8.6					x	x	x	x	VAS	x
Mexico	88.5	6.5	L	LD	I	R	x	x	x	x		
Argentina[n]	34.2	6.0	(L)	(LD)	(I)	(IR)	x	x	x			x
Hong Kong	6.1	5.1	L	n.a.	I		x	x	x		VPN	
India[q]	913.6	3.8	L	LD			x	x				x
Indonesia[q]	190.4	2.7	L	LD	I		x	x			I, TC	
Singapore	2.9	2.5	(L)	n.a.	(I)		x	x				
Poland	38.5	2.2	L	(LD)	(I)	(R)	x	x	x		CT	
Malaysia	19.7	2.1	L	LD	I		x	x	x	x	ES	
Thailand[o]	58.0	2.0										
Turkey[o]	60.8	1.7					x	x			CT	x
Colombia	36.3	1.2	L	LD	I		x	x		x		
Pakistan	126.3	1.0	(L)	(LD)	(I)	(R)	x		x	x	I,VAS	x
Philippines	67.0	1.0	L	LD	I		x	x				
Hungary	10.3	0.8	(L)	(LD)	(I)	(R)	x	x		x		
Bangladesh	117.9	0.2	L	LD			x	x			I	x
Total schedules (55)	–	–	41	38	42	28	49	46	37	36	28	–
Total gov. (69)	–	601.9	55	52	56	42	63	60	51	50	28	–

Note: From the original overview table the following specifically labled columns were not included: private leased circuit services; other terrestrial mobile services; fixed satellite services; trunked radio services.

[a]Ranked by revenues in col. (2). — [b]Letters in ( ) signify phased-in commitments. — [c]1994; millions. — [d]1995; US$, billions. — [e]L = local. — [f]LD = domestic long-distance. — [g]I = international. — [h]R = resale of public voice. — [i]Includes circuit switched and/or packet switched data transmission. — [j]Included analog and/or digital. — [k]VAS = value-added services; I = internet access; ES = earth station; VPN = virtual private networks; CT = cable TV; TC = teleconferences. — [l]It was permitted to offer specific services initially without the usual MFN conditions. Exemptions as follows: *USA*: direct-to-home (DTH) and direct-broadcast-satellite (DBS); *Brazil*: direct radio/tel. programming; *Argentina*: fixed satellite services by geostationary satellites; *India*: application of differential measures between gov./gov.-run operator and outside operators; *Turkey*: fees with two neighboring, countries for land/sat. connections. Also see India exemption; *Pakistan*: see India; *Bangladesh*: see India. — [m]Phase-in of facilities-based voice service for Greece. Ireland and Portugal. — [n]Commitments conditional upon passage of national legislation. — [o]Commits to improve offer once national legislation adopted. — [p]Where no public voice commitments, voice via closed user groups committed. — [q]Commits to review the possibility of allowing market access for additional suppliers in voice telephone services.

Source: For col. (1) World Bank (1996: Tab. 1); for col. (2) WTO website, Services 17/2/1997; for cols. (3)–(11) WTO website, Services, Annex 1; for col. (12) WTO website, Services, 6/3/1997.

Endnotes

1 Article IV, p. 8 stipulates that the Ministerial shall be held "at least once every two years ... [and it has] the authority to take decisions on all matters under any of the Multilateral Trade Agreements" (GATT 1994a).

2 See Table A1 of signatory members of the WTO, new members since Marrakech, as well as those awaiting membership.

3 This can be easily documented by comparing the respective preambles in the GATT (GATT 1994a: 486) and WTO (GATT 1994a: 6) treaties (similar or identical passages are underlined by author):

"Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development, ... Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international trade relations. ..."

4 For an initial analysis of the UR see Langhammer (1994).

5 Needless to say many of these issues listed covered wide-ranging topics, reflecting in essence the organizational setup of the WTO. For instance, market access included not only the agreed-upon tariff concessions but also non-tariff barriers.

6 In particular, trade liberalization in the agricultural sector is not discussed in the following as it did not play a major role in Singapore.

7 For an indepth treatment of this topic see Baughman et al. (1997).

8 This is not quite true, as there was actually one T&C article on the liberalization list of one industrialized country. Baughman et al. (1997) mentioned it as well as the WTO Council for Trade in Goods (WTO 1996b: para. 16.4). The item was "work gloves" and the country liberalizing this item was Canada.

9 These factors rapidly all caused the share of Asian countries in the increase in T&C exports to decline from over 100 percent in the period 1990–1993 to about 40 percent in the period 1993–1995. To the extent that Asian T&C firms shifted production to Latin America or Eastern Europe their share in world markets would have decreased less. Asian producers did indeed expand production facilities in Latin America, but hardly at all in Eastern Europe.

10 The tranches were to encompass 16, 17, 18 and 49 percent of imports of all specified T&C products, based on volumes in the year 1990.

11 As of 1/1/1995 the growth rates are to be increased by 16 percent; as of 1/1/1998 they are to be increased by 25 percent; as of 1/1/2002 they are to be increased by 27 percent.

12 The listing of products covered by the ATC is based on 6-digit HS categories. These categories are allocated to groups of products encompassing tops/yarns, fabrics, made-ups and clothing. In the case of the EU, total ATC imports in 1990 (the year upon which the Agreement is based) is made up of 37 percent tops and yarns, 22 percent fabrics, 24 percent made-ups and 17 percent clothing (in volume terms).

13 As can be seen in Table A4, whether one looks at the non-weighted or weighted allocation of MFA products for selected Asian countries, for most countries growth rates of 4 percent or below prevail. In the case of Hong Kong it can be determined that over 60 percent of T&C products have designated growth rates of 2 percent or less.

14 In essence almost all topics dealt with in Singapore are encompassed somehow by market access. This section excerpts from all these topics and discusses tariff reductions on goods, be they those agreed upon in the UR, those focussed on in the ITA or those conceded to the least developed countries. It excludes treatment of specific topics (e.g. the ATC, anti-dumping rules, technical standards or agricultural products) analyzed elsewhere in this paper. By not dealing with non-tariff barriers it further differs from the Market Access Committee (see Diagram 1), which covers "market access issues related to tariffs [and] non-tariff measures not covered by any other WTO body ..." (WTO 1996c: 1).

15 Unless otherwise noted tariff rates, reductions, bindings etc. discussed in this section are drawn from Finger et al. (1996).

16 These figures differ from those published by GATT (see e.g. GATT 1994b), but the picture which develops is the same: the sizeable increases in tariff bindings by LMIEs noticeably improved the preconditions for trade with these countries.

17 The TPR mechanism represents a forum in which a non-confrontational discussion of trade policy issues takes place. It is, in essence, the only peer review in the WTO. While the roughly 60 members reviewed since its inception in 1989 account for 98 percent of the WTO member countries' trade in goods and services, there are still about 50 countries which had not been analyzed by 1996 (see e.g. WTO 1996d: para 4).

18 Only the four largest trading entities (i.e. the EU, USA, Japan and Canada) are reviewed every two years. The next sixteen trading entities are covered every four years and the remaining every six years or — for least developed — for an even longer period of time.

19 Table A6 also provides a comparison with T&C products. It not only shows that whereas the relative exports of these products have tended to decrease in importance in LMIE countries, they have remained constant or even increased in importance in HIEs. Italy represents a remarkable case of an HIE where T&C exports greatly exceed IT exports.

20 It has been estimated that UR MFN tariff reductions have led to reductions in GSP tariff margins by roughly 9 percent in the case of the USA, 15 percent in the case of Japan and 23 percent in the case of the EU.

21 In addition to GSP, there are other three types of special treatment permitted by the UR agreements, namely fewer obligations vis-à-vis their own policies, longer time frames to apply UR rules, and provisions dealing with training and special assistance. These will not be dealt with here. The reader is referred to Finger and Winters (1996) for further information in this connection.

22 This was enacted in 1979 in connection with the Tokyo Round of multilateral trade negotiations.

23 It might be added, however, that in the area of agricultural products, "dirty tariffication" (i.e. tariff bindings higher than actual protection in 1994) will actually increase tariff barriers and could thus improve the preferences for some products (e.g., see Martin and Winters 1995: 16).

24 This is the so-called "reverse notification" procedure. That is, only when something has not or cannot be accomplished is the WTO notified.

25 In the Council of Goods' listing of waivers a large number of postponements are simply due to not being able to enact the necessary Harmonized System (HS) of product classification. As technical as this matter is, it is essential for establishing the universe of products with which UR agreements are carried out. It is also particularly important in those cases where products are reclassified and end up being assigned higher tariff rates. Such quasi-hidden tariff increases run counter to GATT/WTO principles. Should this occur, other member countries may appeal to the WTO to have the lower tariff rates reinstated. The US, for instance, has requested dispute settlement in a case with an EU reclassification of certain computer equipment (LAN adapter equipment). The panel is due to report in the fall of 1997 (WTO [WT/DS 62, Active Panels, 8(a)] 1997, as cited in WTO website, Dispute Board Bulletin).

26 This was to be achieved in four equal steps, i.e. on 1/7/1997, 1/1/1998, 1/1/1999 and 1/1/2000. Furthermore, all other duties and/or charges are to be removed as of 1/7/97.

27 In Singapore the initial 29 countries accounted for 83 percent of the trade in IT products.

28 Accession to the agreement was enhanced by granting exemptions to the conditions that all products needed to be liberalized by 1/1/2000. Hence, Costa Rica, Indonesia, India, Korea, Malaysia, Taiwan and Thailand were granted such an exemption, which extends compliance through, but not beyond 2005.

29 The body is set up to oversee market access and is euphemistically called the World Semiconductor Council. It met earlier this year in Hawaii to lay down strategies. No more full members will be accepted, only "associate" memberships, with no official voice, will be permitted.

30 The GSTP contains trade preferences conceded by developing countries in favor of developing countries. It dates back to 1988 and is notified under the Enabling Clause (WTO 1996a, Vol. I: 41).

31 The EU's GSP legislation, for instance, contains "withdrawal clauses" not included in the prior version. This opens a door to withdrawing GSP privileges if labor standards are found lacking or "unfair" trading practices established.

32 It might be noted that in the original 1986 opening UR declaration (GATT 1986) there is no specific mention of dealing with ADMs, so as to minimize, if not eliminate their protectionist thrust. That they do indeed have a severe and multifaceted impact is succinctly described and analyzed by Messerlin (1989).

33 It should be made clear that "initiating" proceedings is just the first step in a series of measures. Although the key step is the final approval of AD duties or the acceptance of price undertakings, the initiation of proceedings must definitely be considered to be part of the trade-impeding package. That is, initiation in itself reduces imports by — inter alia — frightening away small companies (see Messerlin 1989 in this respect).

34 The rules of origin are particularly crucial in such cases where the international division of labor is extensively used in manufacturing a product. It cannot be surprising that Hong Kong, for instance, has been subjected to numerous proceedings because of its very strong production links with neighboring regions of China. With China leading the list of countries most often hit by ADMs, Hong Kong firms are often accused regardless of the fact that they have nothing to do with the case. And in doing so, e.g. in the case of the EU, the initiators often submit firm data which contains numerous notations of companies not in existence. Such "padding" of lists is just one way to do "justice" to satisfying AD regulations.

35 The exporting countries were China, Egypt, India, Indonesia, Pakistan and Taiwan. The dumping margins were estimated to be 28–36 percent.

36 The irony of the situation was that more jobs were probably being destroyed than "saved." That is, the number of jobs being negatively affected in the highly competitive EU finishing industry processing AD-affected intermediates was substantially larger than those being saved in weaving.

37 What will not be discussed here is the application of standards in the area of services. To begin with, the GATS is just in the process of being prepared for enaction on the liberalization schedules submitted to the WTO. Secondly, the area is so

wrought with unknowns at the moment that it would difficult to give due treatment to the subjects matter in the space available.

But even here the WTO is slowly expanding its coverage: in May, 1997, guidelines for recognition of qualifications in the accountancy sector were adopted. This is obviously an important prerequisite for being able to conclude negotiations on financial services. Another area, namely airline safety standards and flight regulations, have — despite their obvious importance — been not specifically covered by GATS. Hence it basically still remains a virtual domain of the US authorities or rather (to a lesser degree) their European counterparts, e.g. to certify which flight paths can be flown over water by two-engine planes as opposed to those with three or more engines. The failure of a specific type of plane to be granted such a certification (called ETOPS) obviously reduces its market value vis-à-vis competing operating under ETOPS certification. Given the high profile of the aircraft industry in the US and Europe there is surely room for "strategic protectionism" in this connection.

38 See GATT (1994a: 69–84) for "Agreement on the Application of Sanitary and Phytosanitary Measures" and GATT (1994a: 138–162) for "Agreement on Technical Barriers to Trade."

39 It should be noted that one of the most prominent initial cases brought before the DSM (by Brazil/Venezuela against the USA) dealt with technical standards of gasoline and unfair differentiated treatment of imported versus domestically produced products. The USA lost the case, even in the appellate review, and accordingly, if not naturally, proceeded to implement changes.

40 These include all industrial and agricultural products (1) not covered by the sanitary and phytosanitary agreement and (2) not addressed in the Agreement on Government Procurement.

41 While there is no doubt that the azo-dyes can cause cancer, what still cannot be substantiated is whether the virtual elimination of azo-dyes was indeed necessary or whether a reduction would have sufficed or whether even a warning tag, stating that for certain skin-sensitive individuals such dyes could cause irritation and possibly skin cancer, would have been adequate.

42 Another difficulty encountered by companies attempting to abide by the regulation was that there was no prescribed testing procedure. The result was that whereas one method would indicate an acceptable level, another test would show the reverse. Hence, even such specifications need to be included in the notification process.

43 The European Court of Justice ruled in 1987 that the German Purity Law, which restricted imports of beer to those brewed only with yeast, malt (from barley), hops and water, was in essence a trade barrier. This led to lables being used to identify beers brewed according to or not according to the German Purity Law.

44 The suspension of negotiations was done in a manner which "froze" all the offers of those participating. This meant that, whenever they would be resumed, the offers tabled so far would represent the minimum; i.e. they could only be improved upon, but not reduced.

45 Needless to say this wording contrasts sharply with the language used in connection with the ATC.

46 The total revenue from basic telecoms in 1995 amounted to roughly US$600 billion, about as much as trade in IT products. About 14 percent of those can be attributed to mobile services and 10 percent to intercontinental services (WTO 1997: 3).

47 For instance, from 1990–95 main telephone lines increased by annually 3.5 percent in industrialized countries but 13.8 percent in developing countries. In telecom revenues, industrialized countries revealed an annual increase of 4.2 percent during this period as opposed to 9.7 percent for developing countries (WTO 1997: 3). The potential can also be seen by comparing the population and revenues in Table A9. The table does not include either China or Russia — figures for which the potential would be even larger.

48 In making their initial offers under the GATS, members were allowed to limit the areas to which liberalization applied and/or restrict MFN application, but only on a one-off basis.

49 The agreement covers services in voice telephone, data transmission, telex, telegraph, fax, leased circuits, cellular phones, mobile data transmission and personal communication.

50 Estimates of the impact include a US$1 trillion decrease in prices of domestic services over a three-year period (see *Financial Times*: Feb 14, 1997) as well as an 80 percent decrease in prices of international calls (*South China Morning Post* 1997a).

51 The three members were Hong Kong, Japan and South Korea (see Sampson 1996: 88).

52 By the end of 1996 the Committee was examining 21 regional trade agreements.

53 Article XXIV of GATT stipulates under which conditions a regional trade agreement can be established. The two basic conditions are the "substantially-all-trade" and the "generally-not-more-restrictive" requirements.

54 See Yeats (1997: iii). The Mercosur consists of Argentina, Brazil, Paraguay and Uruguay and was established in 1991.

55 The study (Brookings: 1997) underlined not only the impact of distortions causing trade and investment diversion, it also pointed to the lack of transparency in tariff levels, rules of origin and trade-related measures. Sampson (1996: 89) notes, the EU alone has 14 different sets of preferential rules of origin while the United States has 6.

56 As Schott (1997: 71) notes: "the DSM provides a warranty that the bill of goods sold to a participant during a trade negotiations will be dutifully delivered ...".

57 Within this entire framework very specific time limits were set so cases would be settled within a maximum of 20 months, or 16 months if no appellate procedure is involved.

58 Despite the large increase in total cases, it is interesting to note that a sizeable share was being settled outside the panel process; i.e. 13 cases were settled otherwise. Not yet included in this number was the agreement reached between the EU and the USA in April concerning the Helms-Burton Act (otherwise known as the Cuban Liberty and Democratic Solidarity Act). The reason for not being included is that merely a stay of application through the end of President Clinton's term of office has been agreed. The Act itself is still on the books, but the panel, which began work on November 20, 1996, was suspended on April 25, 1997 upon request of the EU.

59 Environmental issues represent a less controversial issue on the docket of the Ministerial; after all the preamble of the UR already contains wording in this direction (see Section I) and a Committee on Trade and the Environment had already been established in Marrakech. The environmental issues did not represent a stumbling block in the negotiations leading up to Singapore. Perhaps the key thrust of work in this area is to ensure that basic GATT/WTO principles of an open, transparent and non-discriminatory trading system are not prejudiced by environmental standards ratified in multilateral environmental agreements. The Ministerial Declaration (paragraph 16) accordingly concludes that "the breadth and complexity of the issues covered by the Committee [on Trade and Environment] shows that further work needs to be undertaken." For a discussion of potential areas of "green" protectionism and relevant GATT/WTO rules see Sorsa (1995).

60 Charlene Barshefsky, Acting US Trade Representative, is quoted as stating that "if the importance and relevance of the issue was not reflected in the Ministerial Declaration, there might as well be no Declaration" (Suri 1997: 11).

61 Article XX of the GATT does stipulate that trade measures can be introduced "to protect human, animal or plant life or health" or "relating to products of prison labour." However, these stipulations have never been interpreted and applied in the sense that labor standards are foreseen.

62 As Waer (1996: 25–27) notes, the United States already (unsuccessfully) attempted in 1987 and 1990 to establish a working party to look into the issue in the GATT council meetings. To be examined were freedom of association, freedom to organize and bargain collectively, freedom from forced labor, minium employment age and minimum working conditions.

63 It is thus hardly surprising that President Clinton had to reach two separate agreements with Mexico concerning labor standards and environmental protection in order to ensure passage of the NAFTA treaty.

64 See for a discussion of this important difference Anderson (1995).

65 It is not so surprising that the European Social Contract is conjuring up similar difficulties in the EU. Germany's attempt to impose higher wage levels on workers, particularly on foreign workers in the German domestic construction industry, even in firms run by other EU nationals, foreshadows the problematics which could evolve here.

66 As Langhammer (1994: 20) noted: "All of the above issues for a new round [of trade negotiations] imply a weakening of the country of origin principle and an ex-ante [strengthening of] harmonization, for instance in connection with common competition, environmental, social or migration standards." [Translation by the author.]

67 At issue were not only sunk costs in aircraft production, but also the degree to which government subsidies in the defense construction side of production could be used to cover costs on the civilian projects (cross subsidization). This was an issue since the Airbus industry did not have the production structure which would allow such tactics.

68 This happened in the EU (Sony versus Phillips) and in the US (Brother versus Smith-Corona).

69 That the importance of this issue is not well understood is clearly reflected in the simple fact that hardly an article dealing with the results of the Singapore Ministerial contained any comment on competition policies.

70 Following the confrontations between the EU and the US over the Boeing-McDonnell-Douglas merger, the EU Trade Commissioner, Sir Leon Brittan, called for WTO competition rules to avoid such disputes in the future (*Financial Times* 1997b).

71 As concerns Taiwan, its accession is less a question of fulfilling the criteria of a market economy, than a question of the international political constellation surrounding the PRC's accession.

72 The official working party for China's accession request was established on March 4, 1987 and predates any other application now pending. It had already been granted GATT observer status in 1982 and in December, 1983 was signatory to the MFA.

73 China had participated in the negotiations leading up to the establishment of GATT in 1948 and was one of the 23 initial members or Contracting Parties. Its membership, however, was withdrawn in 1950 by the National Chinese government which had retreated to Taiwan. The legality of this withdrawal is one of the legal issues remaining as a major bone of contention. Specifically: was the Nationalist government in Taiwan at that time still the de jure government of all of China?

74 One key issue here is the Jackson-Vanik clause in the 1974 Trade Act which stipulates that the US Congress must approve China's MFN status every year. Among GATT/WTO members, however, MFN is automatic.

75 Parallel to this process are bilateral negotiations to clarify individual issues.

76 Calculations from the third offer are not available.

77 The classic example is no doubt the case on non-tariff barriers in textile and clothing trade. Some 35 (sic!) years ago Ludwig Erhard, the German Economics Minister at that time, stated in an interview that the "accord ... reached in the field of textiles inside GATT ..., seem[ed] to be a practicable way to gain the breathing spell one must grant the textile and clothing industries in Europe to adjust themselves to new market conditions" (Sung 1962). And should these barriers finally be eliminated (as stated in the ATC — see above) by the year 2005, they will have been in force for almost 45 years.

78 While progress has been made on numerous issues in the negotiation with China, the key principle of market access still stands out as a major bone of contention. With the ITA having now been concluded, the Telecom pact having been agreed upon and negotiations on financial services well underway to be completed by the end of the year, much is still left to be done. Nonetheless, the message that the WTO means business must be getting through as China's Vice-Premier openly pronounced in an interview (*South China Morning Post* 1997b) that China believes "that world trade needs an overall unified framework and rules of the game everyone accepts. Otherwise, there will be a world trade war which would serve no-one's interests."

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