

WORLD TRADE ORGANIZATION

RESTRICTED

G/C/M/81
1 August 2005

(05-3465)

Council for Trade in Goods

Original: English

MINUTES OF THE MEETING OF THE COUNCIL FOR TRADE IN GOODS 15 JULY 2005

Chairperson: H.E. Ambassador Himanen (Finland)

The meeting of the Council for Trade in goods was convened by airgram WTO/AIR/2616 and the proposed agenda for the meeting was contained in document G/C/W/525. The meeting proceeded on the basis of the proposed agenda.

I.	REVIEW OF THE OPERATION OF THE AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES (TRIMS) UNDER ARTICLE 9	2
II.	REGIONAL TRADE AGREEMENTS	3
A.	FREE TRADE AGREEMENT BETWEEN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA AND BOSNIA AND HERZEGOVINA	3
B.	FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND TUNISIA	3
III.	SANITARY AND PHYTOSANITARY MEASURES	4
A.	REPORT ON PROPOSALS FOR SPECIAL AND DIFFERENTIAL TREATMENT	4
B.	SECOND REVIEW OF THE OPERATION AND IMPLEMENTATION OF THE SANITARY AND PHYTOSANITARY AGREEMENT	4
IV.	UNITED STATES – REQUEST FOR WAIVERS FOR AFRICAN GROWTH AND OPPORTUNITY ACT, CARIBBEAN BASIN ECONOMIC RECOVERY ACT, AS AMENDED, AND ANDEAN TRADE PREFERENCE ACT, AS AMENDED	4
V.	CUSTOMS VALUATION AGREEMENT: REQUEST FOR AN EXTENSION OF WAIVER GRANTED UNDER ARTICLE IX OF THE WTO AGREEMENT - SENEGAL	7
VI.	ISSUES RELATED TO TRADE IN TEXTILES – SUBMISSION OF TURKEY	7
VII.	NIGERIA TRADE RESTRICTIVE MEASURES	18
VII.	ELECTION OF CHAIRPERSON FOR THE COMMITTEE ON TRADE-RELATED INVESTMENT MEASURES	19
IX.	OTHER BUSINESS	19
A.	REQUEST BY PAKISTAN FOR EXTENSION OF THE TRANSITION PERIOD UNDER THE TRIMS AGREEMENT	19
B.	DATE OF THE NEXT MEETING	20

I. REVIEW OF THE OPERATION OF THE AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES (TRIMS) UNDER ARTICLE 9

1.1 The Chairman recalled that at the July meeting the Council had received a joint proposal by Brazil and India concerning a study on the impact of TRIMs and of their elimination. The terms of reference for this study were contained in document Job(04)/93. His predecessor, Ambassador Choi, had carried out informal consultations on the matter and reported that he had been unable to reach a consensus on the desirability of conducting the proposed study. As far as he understood, there had been no new developments in Members' positions since the last CTG meeting. He, therefore, was in Members' hands as to how to address this matter in the future.

1.2 The representative of Brazil noted that the proposed terms of reference for a study were the elements to go under the Review. He recalled that the CTG had already examined a previous study in 2001 and a joint proposal by Brazil and India suggesting amendments to the TRIMs Agreement in October 2002. The latest proposal referred to terms of reference for another study to which he had nothing more to add, except if other Members had changed their positions on the matter. He wished to raise the matter of the flexibility left in the TRIMs Agreement. Suggestions to amend the TRIMs Agreement had been put forward over the years through several tracks in the WTO. The LDC Group had presented a suggestion to amend the TRIMs Agreement which was being considered in the Special Session of the Committee on Trade and Development. The African Group had presented suggestions to amend the TRIMs Agreement which were currently under consideration in the TRIMs Committee. The proposals classified as Category II proposals coming from the Committee on Trade and Development had been sent to the respective subsidiary bodies as mandated by the August 2004 Decision (WT/L/579). These bodies would, in turn, report back to the General Council in July. The third track - apart from the Article 9 Review under which the TRIMs Agreement was being submitted for consideration and for amendment, was the track under Article 12(b) of the Doha Ministerial Declaration dealing with the outstanding implementation issues, under which India and Brazil had also presented some suggestions to amend the Agreement. He wished to share with the Council for the records and to provide his colleagues with the state of play regarding the discussions on the TRIMs Agreement.

1.3 Under the latter track, his delegation had undertaken consultations to discuss what Brazil considered to be the absence of flexibilities for developing countries to adopt development-oriented policies. Two days ago, in the context of consultations held by the Chairman of the TRIMs Committee (Mauritius), acting as a Friend of the Director-General, Brazil and India had presented a analysis of Articles 4, 5 and 9 of the TRIMs Agreement to assess whether flexibilities were still available. Article 4 allowed some possibilities for developing countries to deviate temporarily from the provisions of Article 2 of the Agreement. Most of them were related to balance-of-payments: the Understanding on the Balance-of-Payments Provisions of GATT 1994, and the Declaration on Trade Measures Taken for Balance-of-Payments Purposes adopted on 28 November 1979. Although important, these balance-of-payment related flexibilities did not address the longer term developmental objectives listed in the proposal presented by India and Brazil to the CTG in October 2002. He summarized those development objectives, as, *inter alia*,: to promote domestic manufacturing capabilities; to stimulate the transfer or indigenous development technology; to promote purchases from disadvantaged regions; to stimulate environment-friendly methods; to increase export capacity in cases where a structural current account deficit would cause a major reduction in imports; and to promote small- and medium-sized enterprises as they contribute to employment generation. There was also a possibility for deviation from the provisions of Article 2, which was related to Article XVIII of GATT 1994. However his delegation had come to the conclusion that the provisions established in paragraphs 14-18 of Article XVIII were so onerous that recourse to that Article was impossible.

1.4 Article 5 which was also analysed for flexibilities provided for notification and transitional arrangements. All WTO Members had been given 90 days to notify requirements that did not conform to the TRIMs Agreement. After the TRIMs Agreement entered into force, developed countries had 2 years, i.e., until December 1997, developing countries had 5 years and LDCs had 7 years to phase out the measures that had been notified. The Agreement provided an opportunity for individual countries to request an extended transitional period in the event that special difficulties arose in the implementation of the Agreement. Many developing countries had difficulties in notifying existing measures within 90 days, i.e. from January to March 1995. All in all, 24 developing countries, of which only one was an LDC, notified that they had relevant measures. Certain Members considered that they quite simply had not had the capacity to identify any measures that were in conflict with the Agreement. This had created problems since the stipulated periods of transition only referred to notified measures. Some Members had therefore been unable to take advantage of the transitional period. His delegation concluded that this flexibility was not available anymore.

1.5 Finally, under Article 9 which provided for the Review of the Agreement, the CTG had a joint study prepared by UNCTAD and WTO in 2001; a proposal by India and Brazil in 2002, and the latest proposal related to the terms of reference for a study submitted in July 2004, which currently faced an impasse in the CTG. Regardless of the efforts of the proponents for further flexibility in the TRIMs Agreement to assess the developmental implications of the current prohibitions, opponents had not engaged so far in substantive discussions under the Article 9 Review. He asked Members to seek further flexibility in their capitals so as to provide the necessary fresh air to the discussions and concrete assessment that would help the CTG in defining what should be the outcome in relation to the TRIMs Agreement at the end of this round and at the end of the Article 9 review.

1.6 The representative of India supported the Brazilian statement. Her delegation also urged Members to reengage constructively to further discuss the proposals which had been made by India and Brazil in 2002 in order to find a way out of the current impasse.

1.7 The Chairman proposed that the Council take note of the statement made and revert to this matter at a future meeting.

1.8 It was so agreed.

II. REGIONAL TRADE AGREEMENTS

A. FREE TRADE AGREEMENT BETWEEN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA AND BOSNIA AND HERZEGOVINA

B. FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND TUNISIA

2.1 The Chairman drew Members' attention to the two Agreements listed under this item that had been notified under GATT Article XXIV.¹ The texts of the Agreements and their notifications had been circulated in the documents listed. In the absence of comments, he proposed that the Committee on Regional Trade Agreements carry out the examination of the above-mentioned Agreements in accordance with the following terms of reference: "to examine, in light of the relevant provisions of the GATT 1994, the trade agreements just referred to and to submit a report to the Council for Trade in Goods. It is understood that the understanding read out by the Chairman of the Council for Trade in Goods under item 7 of the agenda of the meeting of the Council for Trade

¹ The texts of the Agreements and their notifications had been circulated, respectively, in documents WT/REG200/N/1, WT/REG200/1; WT/REG201/N/1, WT/REG201/1;

in Goods on 20 February 1995, as contained in document WT/REG3/1, will apply *mutatis mutandis* to the examination of the agreements. It is also understood that, during the examination, due account will be taken of the intrinsic differences between customs unions and free trade areas".

2.2 The Council so agreed.

III. SANITARY AND PHYTOSANITARY MEASURES

A. REPORT ON PROPOSALS FOR SPECIAL AND DIFFERENTIAL TREATMENT

B. SECOND REVIEW OF THE OPERATION AND IMPLEMENTATION OF THE SANITARY AND PHYTOSANITARY AGREEMENT

3.1 The Chairman noted that the Committee on Sanitary and Phytosanitary Measures had forwarded two reports to the Council for Trade in Goods. Both of these reports responded to specific requests from the General Council. He gave the floor to the Chairman of the SPS Committee to present these reports to the Council

3.2 The Chairman of the SPS Committee reported the results of the efforts of the SPS Committee to respond to the General Council's request by forwarding through the CTG the two reports listed above. Specifically, the first document, in G/SPS/35, reported on the five proposals submitted to the SPS Committee by the General Council that were that were reviewed in informal and formal meetings. He considered that there was an increasing engagement in the substantive discussions of these proposals, and in particular the concerns underlying the five proposals. The report concluded that there were no specific recommendations that the SPS Committee make at this stage. However the Committee welcomed an indication by some Members that they expected to review the five proposals with the intention of trying to submit revisions for the consideration of the Committee. In addition, the Committee also committed itself to expeditiously discuss a rather long list of specific items which may make the operation of Articles 9 and 10 of the SPS Agreement more precise, effective and operational. The Committee was not able, due to time constraints, to engage substantively on this list but will begin doing so at its October meeting. The second document, in G/SPS/36, was the product of at least 12 months of the Committee's work putting together a schedule and Members actively submitting elements to undertake. He referred interested Members to the summary of the document on page 24 where there was a total of 40 different recommendations that the Committee will examine in its Review. He considered it a healthy list of issues that would keep the Committee occupied for sometime. There was wisdom in the Committee not trying to prioritize the list, and Members who were interested would be bringing forth their own contributions. There would, therefore, be a self-selection type of work that would be done on the review.

3.3 The Chairman proposed that the Council take note of the statement made and of the two documents and agree to forward them to the General Council for appropriate action.

3.4 It was so agreed.

IV. UNITED STATES – REQUEST FOR WAIVERS FOR AFRICAN GROWTH AND OPPORTUNITY ACT, CARIBBEAN BASIN ECONOMIC RECOVERY ACT, AS AMENDED, AND ANDEAN TRADE PREFERENCE ACT, AS AMENDED

4.1 The Chairman recalled that the United States circulated, in advance of the CTG meeting of 11 March 2005, three requests for waivers in documents G/C/W/508, G/C/W/509, and G/C/W/510. The first document consisted of a request for a waiver for the Caribbean Basin Economic Recovery Act (CBERA), the second document consisted of a request for a waiver for the African Growth and Opportunity Act (AGOA), and the third document consisted of a request for a waiver for the Andean Trade Promotion Act (ATPA). The United States also circulated supplemental information to each of

these requests in G/C/W/508/Add.1, 509/Add.1 and 510/Add.1. At the Council's meeting of 11 March 2005, the United States presented these waiver requests as well as provided an in depth description of these programmes. He had subsequently convened two informal consultations on 5 April and 27 May 2005 on this matter. At the first consultation, questions were posed by China, India and Pakistan. These were circulated in document G/C/W/516. The United States responses to these questions were circulated in G/C/W/518. At the second consultation, follow-up questions were raised by China and Pakistan. These were circulated in documents G/C/W/519 and G/C/W/520 respectively. Responses from the United States to these questions were received yesterday and circulated in G/C/W/526.

4.2 The representative of the United States noted his understanding that Members would not likely be in a position to comment on the responses circulated by his delegation only yesterday. He had also recently received additional questions from Brazil to which his delegation would strive to respond quickly. He urged other Members which had questions to submit them as soon as possible so as not to delay inordinately the examination process. His delegation was available to consult with any Member on any or all of the programmes for which the waivers were sought.

4.3 The representative of India stated that her delegation would also be raising some follow-up questions to its first set of questions. She would transmit the recently received responses to her capital and appreciated the US offer to consult on these questions.

4.4 The representative of Brazil shared most of the views expressed by China and Pakistan in the two series of questions they had presented to the US. His delegation had expressed such concerns in the informal meetings that were convened and took note of the replies provided by the US. These had been further assessed in his capital. His delegation wished to express its own concerns with regard to the US waiver requests and had therefore decided to present some comments and questions. They would be circulated shortly. Instead of reading them out, he briefly referred to the main points. They related mostly to the distorting effects of preferential rules of origin to not only to third part suppliers but also to the beneficiaries of the waivers themselves who would not be able to supply from the most competitive sources. A second issue was the criteria used in one of the programmes for which a waiver was sought to select the beneficiary countries. Brazil was fully aware of the interests and concerns of beneficiary countries in the preference schemes provided by the US, but Brazil was also a developing country and had legitimate interest in those issues. Some clarifications were still pending before his delegation could agree to these waivers. At that phase Brazil would certainly engage in a constructive manner and expected that the same spirit of flexibility would also be accorded by developed countries for developing country initiatives that would require a derogation from the most favoured nation clause.

4.5 The representative of Mauritius appreciated the transparent nature of this examination process. He appealed to Members to move the process along as quickly as possible so those Members which benefited from the programmes, i.e. the poorest Members of the WTO, could continue to do so.

4.6 The representative of China thanked the US for its responses to his delegation's follow-up questions. Since they were only just received his delegation needed time to study them. His delegation appreciated the US intentions and willingness to engage in consultations. His delegation looked forward to exchanging views with the US if a further need arose. Finally, his delegation reiterated that its main purpose was to better understand the specifics of the schemes so as to make sure that the benefits of the schemes toward developing country beneficiaries were really materialised.

4.7 The representative of Uganda referred to the statement made at the 11 March 2005 meeting of the CTG in which the African Union made an important statement in support of the African Growth

and Opportunity Act. She also called for a quick resolution of the examination process and favourable outcome to the requests.

4.8 The representative of Nigeria, also asked for a speedy process of examination of the waiver requests and that nothing be done in the WTO to jeopardize the programmes which were so necessary to his country as well as to the other beneficiary countries.

4.9 The representative of Pakistan also thanked the US for providing the answers to its questions which it sent to its capital for further reflection. He also appreciated the US offer to consult informally on these waivers, which his delegation viewed as means for additional transparency regarding the legislation and related concerns. He could not emphasize more the importance of the textile and clothing sector for Pakistan, and his delegation wanted to ensure that such legislation were not enacted to the detriment of other developing countries' and LDCs interests. In addition, his delegation wanted to ensure that these programmes were in conformity with the rules based system of the multilateral trading system. He considered the Brazilian questions in line with his delegation's concerns and looked forward to receiving the US replies to these questions as well. His delegation might have further comments or questions once it reviewed all the responses.

4.10 The representative of Kenya stressed that these programmes were designed to benefit the most vulnerable Members of the WTO and urged a speedy process. He suggested that one way to expedite the process could be to have a number of informal meetings on the matter.

4.11 The representative of Senegal called for a rapid resolution to the examination process in favour of the beneficiary countries like his.

4.12 The representative of Colombia recalled that her delegation had spoken previously of the importance of the ATPA programme, which was a temporary preference system, to helping countries, particularly Colombia, in fighting illegal drug production and trade. Her delegation joined the US and others in encouraging countries that wished to enter into a constructive dialogue to improve this scheme to complete the process as soon as possible so that a positive response to the US requests for waivers could be given.

4.13 The representative of Korea shared the concerns raised by China, Pakistan, Brazil and India. These programmes had implications for world textile and clothing trade. There could be some detrimental effects for other developed countries, as well the beneficiary countries. Further clarification and discussion on these issues was needed. His delegation might submit questions at a later stage.

4.14 The representative of Ecuador stated that the problem of drugs and narcotics trafficking was far-reaching. International responsibility was necessary to combat it. International trade was an important component of this responsibility and necessary to overcome poverty and social instability. He asked that Members support the US requests which his delegation hoped would be accepted as soon as possible.

4.15 The representative of Rwanda asked Members to be understanding towards these requests as they provided important market access for Rwanda. His delegation hoped that a positive decision would be forthcoming quickly.

4.16 The representative of Peru noted his delegation's earlier statements on the importance of the ATPA programme for combating the drug problem in her country. Her delegation considered this a problem shared by the international community. Therefore it looked for a positive result to these requests.

4.17 The Chairman recalled that the CTG had agreed at its previous meeting that, in order to satisfy the requirement in Article IX.3(b) of the WTO Agreement, he would make a brief, factual report on behalf of the CTG to the General Council at its next meeting on 27 and 29 July 2005. He would explain that the CTG had been examining the three requests made by the United States since 11 March 2005. In addition to the three formal meetings in which these requests were examined, he would inform the General Council that he had also convened two informal consultations in which questions were posed and answers were provided. He would explain, however, that the CTG had been unable to complete its examination of the three requests for waivers and would request that the General Council agree to allow it to continue its work and to report back to the General Council once it had completed its examination. He also believed that it would be useful to convene another informal consultation on the matter and he would inform delegations of this date in due course. He proposed that the Council take note of the statements made and revert to this matter at its next meeting.

4.18 It was so agreed.

V. CUSTOMS VALUATION AGREEMENT: REQUEST FOR AN EXTENSION OF WAIVER GRANTED UNDER ARTICLE IX OF THE WTO AGREEMENT - SENEGAL

5.1 The Chairman noted that, in document G/C/W/524, Senegal circulated a request for an extension of its waiver under Article IX of the WTO Agreement for the use of a system of officially established minimum values for a limited number of products. He recalled that the General Council on 17 May 2004 approved Senegal's request for a waiver from its obligations under the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Customs Valuation Agreement). This Decision, contained in document WT/L/571, expired on 30 June 2005. He also noted that Senegal, in accordance with its obligations under this Decision, had presented a report on the status of its implementation of the officially established minimum values for the products concerned. This was circulated as document G/C/W/523 as well as to the Committee on Customs Valuation as document G/VAL/N/4/SEN/2. He noted his understanding that Senegal was consulting with Members on this request. In the absence of statements, he proposed that the Council agree to revert to this matter at its next meeting.

5.2 It was so agreed.

VI. ISSUES RELATED TO TRADE IN TEXTILES – SUBMISSION OF TURKEY

6.1 The Chairman recalled that at the last meeting of the Council, during the discussion of this agenda item, Turkey had stated that it would submit a paper for consideration by the Council. It was agreed that the Council would revert to his agenda item once that paper was received. In a communication dated 28 June 2005, Turkey submitted its paper for circulation to the Council and requested the inclusion of the item "Issues Related to Trade in Textiles" on the agenda of this meeting of the Council. Turkey's submission was circulated in document G/C/W/522.

6.2 The representative of Turkey stated that the aim of his delegation's paper was to contribute to the debate on the issues related to trade in textiles and clothing after 1 January 2005. The textile and clothing sector played an essential role in the economic and social development of many countries, including Turkey. For many, this sector was the main source of export revenues, accounting in some instances for as much as 90 per cent of manufactures. In fact, the developing countries had had great expectations from the 1 January 2005 quota phase-out. It was believed that while the MFA phase-out would increase global welfare, the trade in textile and clothing and developing countries as a whole would further gain market share in world total exports. Moreover, it was expected that at least 20 million new jobs would be created in developing countries. However, the outcome was the opposite

and getting even more complicated. The dramatic transformation of global production and sourcing patterns in this sector was a great reason of concern for the developing countries. The sharp consolidation of production into a few suppliers and lack of new market opportunities exacerbated the vulnerability of the situation. In fact, the disruptive effects of the removal of textile quotas were beginning to be felt by textile industries around the world. Information on recent developments of major export markets confirmed that a great many textiles and apparel exporting countries were losing their traditional export markets. Therefore, his delegation's objective was to stimulate discussion on the issues related to trade in textile and clothing with a view to finding an urgent and collective solution to the problems of a good number of countries, which were economically and socially heavily dependent on this sector.

6.3 He cited some statistics concerning recent developments in major markets that confirmed the above-mentioned arguments. Actually, only China's textile and apparel export sales to the EU increased 73 per cent year-on-year and, more than 500 per cent in some categories such as sweaters and sweatshirts as well as linen fabric. This increase was more than ten times for women's panty hoses and tights since 1 January 2005. In the US market, China's export sales to the US surged 65 per cent year-on-year. In some categories the increase of Chinese products soared as high as 15 times in the first quarter of 2005 over 2004 levels. Unfortunately, those increases were at the expense of other developing countries and not an outcome of market expansion. In this respect, he stressed the fact that combined with sudden surge in imports, sharp declines in prices had been experienced in the first quarter of 2005 too. For instance, the volume of T-shirt imports originating from China had risen by 185 per cent and the prices had decreased by 36 per cent in the EU market. According to UN statistics, prices for major Chinese clothing products were 58 per cent below average world prices. As pointed out in papers from various Members, the impact of the dismantling of the textile and clothing quotas could be seen in the toughening competition among the developing and the least-developed countries. Most countries had engaged in an aggressive competition strategy to be able to maintain their market shares. As a result of this, declines in prices of textile and clothing had been accelerated. Should significant drops of average unit prices continue, it would cause a further deterioration in developing countries' terms of trade that posed great challenges for sustainable development and for fair competition.

6.4 His delegation believed that there were serious problems relating to trade in textiles and clothing which would not be resolved if Members avoided dealing with them. He believed that Members would support his delegation's idea to work on the issue in this regard. In fact, the measures that were already taken by some countries so far and initiatives of some others made his delegation's arguments valid and stronger. In this respect, he underlined two points. Firstly, the elimination of quantitative restrictions had already brought major adjustment challenges for many developing and the least-developed countries. The implementation period of the ATC, unfortunately, had not provided a preparatory trading environment for developing countries for the post-ATC era. Secondly, the complexity of the challenges that many developing countries were facing today called for a wide range of policies and policy coherence at the global level. Consequently, it would become more difficult to resolve these problems unless a comprehensive work programme was developed collectively. It was clear that the WTO was the main responsible body to solve the problems of the textile and clothing sector arising from the conduct of trade relations among its Members in matters related to the WTO Agreements and other associated legal instruments. Moreover, Part IV of GATT 1994 brought precise and specific obligations to all WTO Members in order to achieve the objective of sustainable development. As a complementary to this process, technical and financial assistance were vital for improving competitiveness and creating alternative employment opportunities in developing countries. Hence, the responsibility of other international institutions could not be neglected. Turkey strongly believed that the establishment of a WTO work programme was indispensable to handle the challenges and initiate an action to ensure undisrupted markets and create new market opportunities.

6.5 In this respect, his delegation proposed that the Council for Trade in Goods should establish a “work programme” for a full and periodic review of global textile and apparel production, export and market circumstances so as to develop appropriate remedies within the multilateral trade system. With a view to avoiding any deterioration in the trading conditions of the world textile and clothing sector, it was also important to closely monitor developments. Considering the various aspects of the sector, the CTG Chair should periodically consult with the Chairpersons of the Special Sessions Agriculture Committee and the Negotiating Groups on Market Access and Rules to address the issues relating to trade in textile and clothing products to ensure comprehensive and exhaustive study of the sector. Furthermore, taking into account the fact that trade policy measures in textile and clothing sectors had a major impact on production and investment, as well as trade flows, the WTO Secretariat should examine the adjustment-related issues and make recommendations on measures in order to assist developing and least developed countries experiencing challenges in the short and medium term as a result of the expiration of the ATC. In this context, the identification of possible ways to stabilize prices merited special attention. Moreover, the Committee on Trade and Development should also work on the problems created by declines in the prices of these products in the short run in cooperation with other relevant international organizations and report on the results of its works to the CTG. Finally, the WTO should examine ways to develop collaborative efforts with the relevant international organizations, including the World Bank and the IMF in order to effectively direct resources under existing programmes toward diversification of economies relying heavily on the textile sector. In conclusion, his delegation recalled its commitments to the objective of sustainable development as stated in the Preamble to the Marrakesh Agreement. In this respect, he looked forward to the constructive discussions among Members on subjects of common interest to developing and the least-developed countries.

6.6 The representative of China said that his delegation took the Turkish submission “Issues Related to Trade in Textiles and Clothing” very seriously, because the paper had made quite a number of references to China. His delegation valued this opportunity to make some comments and set the records straight. It was taking the floor, not only for the sake of its national interest and dignity, but also for the sake of a strong and robust multilateral trade system based on sound economic principles. He added that he, personally, was not entirely critical of the paper despite its fundamental flaws. For instance, he subscribed to the point that the textile and clothing sector played an essential role in the economic and social development of many countries, provided that the “many countries” included China. He also liked the expression that today a lot of Members faced new challenges, though he disagreed with the author on the causes of such challenges. The Turkish perspective as presented in the paper could be divided into two parts. Part one was its diagnosis of the problems, and part two was its prescription for solutions. With regard to part one, the paper represented another attempt of the sort to turn China into the scapegoat for the so-called problems. It tried to do so by citing dubious figures, by exaggerating estimates, by selective use of information, and by hasty generalizations.

6.7 He added that economics textbooks told that many factors worked together to determine the prices of textiles and clothing in the world market, such as supply, demand, consumer preference, elasticity, substitute products, quantitative restrictions, rules of origin, natural endowment, technological innovation, features of workforce, geographic location, cultural elements, competition, technical barriers, marketing strategies, multilateral trade rules, bilateral arrangements, and so on and so forth. Together, these factors worked to produce competitive advantages or comparative advantages in some places, and together they determined the trend of development as well as the pattern of sourcing for the sector. With the expiry of ATC, market forces had been given opportunities to play a bigger role to the benefit of consumers all over the world. It was a pity that the Turkish paper chose not to refer to these many factors, except for highlighting competition from China. This was ridiculous and unfair. As a full Member of the WTO, China was entitled to the benefits of trade liberalization. China should have a fair share in the sector after the dismantling of the very discriminatory quota regime. China deserved credit for its unremitting efforts to uplift the competitiveness of its industry. Today, China was proud to say that it had not squandered the precious

transition period of the past 10 years and its painful efforts of structural adjustments were paying off. Its open trade and investment policies had resulted in a sector of dynamic growth, which was contributing increasingly more to both domestic and world economies. China was now the third largest textiles importer in the world. It had already offered duty free market access for imports of most textile products from 25 least developed countries in Africa. China was a responsible member of the international community.

6.8 On the other hand, China was pleased to see that exports of textiles and clothing by many Members also experienced positive growth since 1 January 2005. Here, he reminded colleagues that a striking feature of the Turkish paper was the absence of figures about Turkey. As a matter of fact, Turkey had been faring pretty well. For instance, its exports of textiles and clothing had expanded by 12 per cent and 9.6 per cent respectively during the first four months of this year. Turkey was already the second largest supplier to the European Union, with a market share of 14 per cent. According to its own estimates, Turkish exports of textiles and clothing to certain markets this year would expand by 30 per cent and for some categories and products, the growth rates could be even higher. So Turkey was already reaping the benefits of the new era. The reason why Turkey was withholding these key data from the paper was a simple one: it wanted to make the current campaign against China more effective. Once people knew that the party that claimed facing the risk of “being swept away from their traditional markets” was experiencing double-digit export growth, and the party that claimed “vulnerability to the sharp consolidation of production into a few suppliers” happened to be the second largest supplier to the EU and enjoyed the second biggest market share there, the credibility of this party dropped to zero. The fear monger would lose his audience right away. The reason was as simple as that. The intention was to mislead people into believing that China was worth being singled out for criticism and China alone was responsible for every problem. In his view, this act of deliberate withholding of crucial facts was intended to produce the strong effect of discrediting China to the advantage of its competitors like Turkey. However, in the age of information society, tactics of this type can be counterproductive or backfire.

6.9 Regarding the prescription part of the paper his delegation considered the proposals listed in the paper by and large inappropriate, in the sense that most of them seemed to be products of ideological confusion. For instance, it called for the CTG “to develop appropriate remedies within the multilateral trade system”. Did not the WTO already have the rules and structure for remedies? Then, it called for the CTG Chair “to ensure comprehensive and exhaustive study of the sector”. Until a clear definition was given of what was meant by “exhaustive study” and until this job was properly added to the Chair’s portfolio, this would be a mission impossible. Further, it suggested that the WTO Secretariat should identify “ways to stabilize prices”. What a great idea, but where was the mandate? And finally, it required the Committee on Trade and Development to “report on the results of its works to the CTG”. Thus, the CTD was downgraded to a subsidiary body of CTG. He asked for consideration of the feelings of those working for the CTD. To conclude, he thanked Turkey for its interesting submission. But to put it candidly, the Turkish perspective was one-sided, narrow-minded, harmful and therefore unacceptable to his delegation. Obviously, the paper was not free of political bias and economic misconceptions. A fundamentally flawed paper like G/C/W/522 shouldn’t and wouldn’t serve as a basis on which Members could build consensus. After all, the WTO was an important multilateral institution devoted primarily to trade liberalization. All should make efforts towards that direction. He expressed his delegation's thanks to all the organizations and individuals who had provided valuable support and help in his delegation's preparation for this important moment, and he was deeply grateful to colleagues and friends for their wisdom and sense of justice.

6.10 The representative of Mongolia thanked the delegation of Turkey for bringing this issue, which was important not only for Turkey but also for many other developing countries who had suffered from the post ATC situation, to the attention of this Council. The situation was chaotic. Many developing countries had lost employment, revenue and market share so it was natural for those countries, including his, to bring this issue to the attention of this Council. They were in a situation

that they could not manage. He echoed the proposals made by Turkey, and that the WTO, in particular this Council, should keep this issue on its agenda for the period necessary to allow Members to bring management to the situation. Industrialisation had been useful, but the side effect of climate change had become a problem. Similarly, the expiry of the ATC had been correct, but there was a side-effect and it was natural that Members should deal with it. This was why his country supported that this Council develop a work program to help those developing countries who had suffered, unintentionally, from the expansion of other large textile exporting countries. In order to survive this trade situation, Members should consider this issue continuously until some common ground would be found on how to solve it. His country was not against market forces, but one was now talking about how to survive in the situation. Large developed and developing countries should think about how to help small exporters to survive. Advice from developed countries and large developing countries like China and India was needed as to how to deal with people who were employed in the textile industry. Mongolia had lost a lot of in terms of the size of its economy and employment. It had had to close a number of factories and the Government had to develop emergency measures in order to keep some factories in operation. It had issued a decree to give these factories holidays from personal income tax or corporate income tax. This constituted a loss in government revenue. At the same time Mongolia was facing further factory closures. Many women who were employed and who were the only income earners for their families were having difficulties. They could not be left at the mercy of market forces. Trade should have a humane face, not just be mechanical, as if there was no human being involved. He expressed his full support to the proposals made by Turkey in document C/G/W/522.

6.11 The representative of El Salvador thanked Turkey for submitting the proposal contained in document G/C/W/522 on issues related to trade in textiles and clothing. Her comments were of a preliminary nature given that this proposal was currently being analysed in detail by her authorities. She welcomed the Turkey's initiative and considered it an excellent contribution to the discussions which were taking place. This issue was of great importance for her delegation just as for other developing Members, given the fundamental role played by the textile and clothing sector in the economic and social development of many countries such as El Salvador. Therefore she hoped to continue to be able to work with the delegation of Turkey and other Members on this issue within the framework of the present Council.

6.12 The representative of Jordan reiterated the importance that his delegation attached to the issue of textile and clothing for the economy of his country that it had submitted to CTG in October 2004. Textiles and clothing formed more than one third of exports of his country and this explained the concern. His delegation was thankful to the Turkish delegation for developing such an interesting proposal with practical mechanisms. His country shared some of the views expressed in the proposal, including some of those in the descriptive part. Jordan supported the establishment of a work program as it appeared under paragraph 15 of the submission, as well as the proposal for a comprehensive study. Jordan looked forward to the role of the WTO, in addition to the efforts of many other relevant international organizations including the World Bank and the International Monetary Fund, in order to address this issue and to ensure that there would be fair and appropriate market mechanisms taking into consideration the interests of all Members, including their technical and financial assistance needs. Such a work program did not put any burden on any of the Members or the Secretariat and was within the rules governing this organization.

6.13 The representative of Tunisia thanked Turkey for its submission which continued the review of the effects of the dismantling of textiles and clothing quotas on certain developing countries and LDCs. This was of particular interest to his country, as in Tunisia the textiles and clothing sector represented 46% of employment and 46.7% of exports in the manufacturing industry. He recalled his delegation's submission at the last CTG meeting. His country would spare no efforts to ensure satisfactory results for the countries concerned, on the basis of consensus and in a spirit of dialogue and co-operation between all concerned parties. It was essential that the CTG deal with this matter

and examine in-depth all issues pertaining to it so as to ensure results which should confirm the humanitarian and fair nature of the WTO. The proposals for action followed an approach similar to the one in his delegation's submission, picking up on the different points contained therein, such as the reference to Part IV of GATT to define actions, examining the question of price stabilisation, as well as joint action by international organisations to help countries affected by the dismantling of ATC quotas. His delegation also stressed its interest and support for the CTG to set up an exhaustive work program so as to be able to look into the different aspects relating to development in trade in textile and clothing. Tunisia also expressed support for the intervention of different bodies such as the Special Session of the Committee on Agriculture, the Negotiating Group on Market Access and the Negotiating Group on WTO Rules. This would reinforce the global and comprehensive review of this question within the CTG. To conclude, his delegation supported all proposals, whether from developed or developing countries, which would enable Members to have an in-depth review of this issue to satisfy all Members concerned, which would confirm the global dimension of the WTO, and which would highlight the fact that the WTO took on board the interests of all of its Members so as to achieve the multilateral trading system spelled out in the Preamble of the Marrakesh Agreement.

6.14 The representative of Morocco thanked Turkey for its contribution to finding a solution to this crisis, and to other delegations for keeping the debate within the Council. Morocco was one of those countries severely suffering from this crisis and which, therefore, considered that it was essential that this issue be kept on the agenda of the CTG. It was also important to bring in other WTO bodies so as to find a solution to this problem. She recalled that the issues mentioned by Turkey in Paragraph 15 of its document should be looked into in detail, notably the suggestion for establishing a full and collective work programme and the promotion of a system of technical and financial assistance which her delegation felt was also essential. Her delegation also wished that other international organizations be involved more concretely so as to seek a solution to the problem. Therefore, it was imperative that this issue be kept on the agenda of the Council and that, with the contribution of all, Members come up with effective and tangible solutions.

6.15 The representative of Kenya thanked the Chairman for bringing this important issue to the attention of the Council. Having listened to the introductory remarks made by Turkey, his delegation agreed that the textiles and clothing sector played an essential role for both developing and developed countries and, therefore, that this issue should not be seen as an issue for Turkey but for many Members. The history of industrialisation showed that this sector had been a stepping stone to industrialisation in many countries. This was why Kenya attached importance to this sector. He also agreed with Turkey that many Members had looked forward with a lot of hopes and expectations to the phase out of the quotas on textiles and clothing. But the reality was that many Members had lost out while a few had disproportionately gained. Turkey had eloquently pointed this out with statistics and, therefore, his delegation agreed that the WTO had an important role to ensure that the gains arising from liberalization would be equitably distributed among the Members. The Council should, therefore, take this issue with seriousness. As had been expressed by Mongolia, his delegation was not opposed to market forces but the Council also had to ensure that the smaller economies would be integrated in the multilateral trading system and that they would also receive benefits from liberalization. His delegation had looked carefully at the proposals made in paragraph 15 of the Turkish submission and was of the view that there was merit in examining them. Therefore, his delegation believed that this issue should be kept on the agenda of the Council in the future.

6.16 The representative of Israel also thanked Turkey for its submission. It was evident at this stage that this was a sensitive issue of great importance for several Members. This was why her delegation considered that it should be debated and analysed. In that sense she supported others in requesting that this issue be kept on the agenda of this Council.

6.17 The representative of Japan wished to state its views on the proposals made in the Paragraph 15 of the Turkish submission. As for the first part of the proposal, her delegation could not associate

itself with the idea of establishing a work programme if appropriate remedies implied the establishment of new trade restrictive measures, which her delegation believed to be inappropriate. As for the third proposal, she pointed out that a detailed and comprehensive paper concerning the options for LDCs to improve their competitiveness in the textiles and clothing business in light of the termination of the ATC had been prepared by the Secretariat within the context of the Sub-Committee for LDCs, and that it might be possible to conduct a similar exercise concerning developing countries, excluding LDCs. Having said that, she wanted to make it clear that Japan could accept the idea of price regulation as mentioned in the last sentence of this proposal only when it did not include any new trade restrictive measures. As for the last proposal, her delegation shared the idea that ensuring policy coherence with other relevant international organizations was important. It should be noted that the work conducted by the IMF and the World Bank had been introduced to WTO Members through reports by the Secretariat such as document WT/TF/COH/F/9. Also, at the General Council meeting of May 2004 the Trade Integration Mechanism had been introduced by the IMF. This mechanism aimed at supporting the necessary adjustments faced by developing countries in dealing with the negative influences caused by trade liberalization of other countries such as the expiration of the ATC and the decrease of preferential margins. According to information from the IMF website, only two countries had applied for this mechanism. In light of these circumstances, her delegation believed that it was necessary to clarify what was being asked of other international organizations to do when seeking cooperation with them.

6.18 The representative of Sri Lanka thanked the Turkish delegation for its paper as well as its statement. As the paper had been received recently, his comment at this stage were of a preliminary nature. He had also listened very carefully to the statements made by China, Mongolia, El Salvador, Jordan and others on the subject. Sri Lanka attached a very high importance to export of textiles and clothing, which amounted to almost 50% of Sri Lanka's total exports. As a country highly dependant on exports of textiles and clothing, Sri Lanka shared most of the views expressed in the Turkish paper. It contained some constructive proposals and he believed that some of these needed to be addressed expeditiously as they covered the concerns of a large number of developing countries, not only Sri Lanka and Turkey. His delegation had been advocating a work programme within the CTG for sometime. It believed that such a work programme and subsequent deliberations would help to develop appropriate measures within the multilateral trading system to address the concerns of the developing countries who had been finding it is difficult to compete in the market due to various reasons. With regard to the second proposal for a study, like the Japanese delegation he believed that the Secretariat could undertake such a study, somewhat similar to but more comprehensive than the study the Secretariat had already undertaken for the least-developed countries. Having listened carefully to the Chinese delegation, particularly its comments on the Turkish paper, he was more than ever convinced of the need for a study by the Secretariat. Otherwise the Council would be deliberating on this issue based on studies and submissions made by various delegations, which did not provide a comprehensive picture of the challenges faced by countries in this sector. He recognised that there was a need to strengthen the collaborative efforts with other organisations as suggested in the last proposal of the Turkish submission. With regard to the second and fourth proposals, his delegation believed that they should be carried out within the appropriate procedures of the WTO. Finally, as said by Tunisia, the WTO should take care of all its Members and ensure that the concerns of small and more vulnerable countries not be brushed under the carpet.

6.19 The representative of Mauritius informed the Council that he had learned that this morning, like everyday in his country, a factory had closed with 150 jobs lost. 150 men would not be important for many countries, but for Mauritius it was a very large lay off. The issue was not about bashing those who were more successful, as those who had the competitive and comparative edge were bound to be successful, but it was about taking a different slant to the discussions. There was a problem and the WTO had accepted that there was a problem by instituting the work programme or the study on the LDCs. The Council could probably, with some extra efforts and probably no additional financial or human resources, extend the scope of the work already done for the study and see how countries

were faring. He believed it was important to do something to gauge exactly the extent of the problem. China and a number of other countries were successful which was consistent with the objectives of the WTO. But it was also fair to try to understand the problems of other countries who were not able to cope with the evolving adjustment of this phasing out period. He hoped that the Council could bring this matter to a fruitful conclusion because it had been dragging on for some time.

6.20 The representative of the European Communities thanked Turkey for its paper and its presentation, and China for its forceful intervention. He understood the concerns that had been expressed by Turkey and echoed by other vulnerable developing countries, on the particular matter of textiles and clothing, some of them fearing that they were losing out in this liberalization process. The Communities' starting point, notwithstanding that some transitional measures were needed in this process and that the European Communities had recently concluded an MOU with China, was that there was no way of turning the clock back on liberalization. The fundamental question was how could Members be sympathetic in Geneva to the concerns that had been expressed, without finger pointing and going in the directions of restrictions. He stated that he was ready to continue to examine the Turkish proposals in the Council for Trade in Goods and had four basic points to make in this regard. One was to focus on trade developments. A second was the question of what trade measures could be used to improve the relative position of the most vulnerable countries in their exports to the markets of industrialized countries, i.e. a "pro-trade" approach. A third point was how could the most competitive countries in textiles and clothing themselves facilitate access to their markets, thus encouraging and fostering liberalization in South-South trade. That could be one of the ways of perhaps developing market opportunities for developing countries. A fourth point was that his delegation would also be ready to look at how to facilitate adjustment to the new environment and strengthen co-operation, for example with the IBRD and IMF, which had been doing good work, to see how they could assist in the inevitable transformation process that was taking place.

6.21 The representative of Korea thanked Turkey for its proposal. Korea also wanted this issue to be discussed in this CTG. His delegation had not examined the Turkish proposals in paragraph 15 but as Japan, Sri Lanka and Mauritius had mentioned, the recent WTO Secretariat study mandated by the Sub-Committee on LDCs was useful and already contained practical suggestions. It might be a basis for discussion in the CTG. His delegation remained open and would keep the Tunisian and Turkish proposals in parallel but could also discuss the recent study prepared by the WTO Secretariat. His delegation did not intend to revert to the trade restrictive regime, but preferred to maintain a "pro-trade" direction. Nevertheless, he believed that the WTO had to accommodate and be sympathetic to the concerns raised by many developing countries.

6.22 The representative of India thanked Turkey for its submission which his delegation had perused carefully. The issues and concerns expressed therein had been debated in the CTG for almost a year, and her delegation had made its position in this regard known on earlier occasions. Liberalization entailed adjustments which were not always painless and India itself had undergone such adjustments and was still doing so. Therefore, she could empathise with the concerns which had been raised, but nonetheless reiterated her delegation's position regarding the systemic implications of embarking on sector specific work programmes or studies particularly at a time when Members were engaged in a new round of trade liberalization. She recalled that the Ministers in Doha had envisaged, while launching this round of negotiations, that greater market access opportunities would accrue to all Members, particularly developing country Members, and Members had been directed to carry out work in accordance with the mandates which had been set forth. All were engaged in this process and had an opportunity of factoring in experiences and concerns into the ongoing negotiations. Further, there were already a set of well defined rules in the WTO, as mentioned in the Turkish paper itself, and all Members of the WTO had equal recourse to them. Finally it would be remiss if she did not respond to the intervention by the Mongolian delegate who had asked if India could advise on the process that it had undertaken. His delegation would definitely look forward to an opportunity to exchange its experience in this regard on a bilateral basis.

6.23 The representative of Brazil supported the statement by the Indian delegate and restated the position that his delegation had been taking in this discussion from the beginning. His delegation had a systemic concern with a particular sector being the object of any work programme within this organization. All liberalization processes, and Brazil had undertaken autonomous liberalization, entailed adjustment in different sectors. The Turkish submission, as noted by India and China, mentioned some tools that were already available. The first bullet in paragraph 15 of the Turkish submission mentioned remedies, but remedies were already available in the WTO. As to the last bullet on diversification and coherence programmes, these programmes were already available. The data which had been mentioned by the delegation of Japan which was also the object of an assessment in the LDC study showed that those programmes had been under-utilised. In fact many developing countries could have used those programmes of the IMF and the World Bank or other organizations more to promote diversification. Any Member which was undergoing adjustment and needed to diversify should use these programmes as they were not necessarily linked to the textiles sector. His delegation was of the opinion that it was not constructive to link this discussion and the ongoing negotiations as proposed in the Turkish paper. That only reinforced his delegation's reluctance to have this debate in the CTG. It showed clearly that it was not a constructive stance and indeed might have a negative impact on the Doha Round discussions. Textiles had already benefited from a 10 year period of adjustment and implementation. Now WTO rules and mechanisms were available to deal with any specific problem arising in a specific country in this sector. The textiles sector should not be treated differently.

6.24 The representative of Hong Kong, China also stressed that his delegation continued to have systemic concerns on singling out the textile and clothing sector, after the phasing out of the ATC. The suggestion for any new and separate institutional arrangement to oversee trade in this sector would be inconsistent with the spirit of integration. This would have implications not only on the textiles and clothing sector but potentially on any other sector under in WTO. The Japanese delegation had made an important point, and Hong Kong, China shared the concern about the establishment of a separate work programme to come up with appropriate remedies, if such appropriate remedies implied the establishment of new trade restrictive measures. There were existing WTO-consistent tools for exporters to pursue their concerns which were not sector-specific and used to regulate trade in any sector. There were also programs by other international organisations to help developing countries with their adjustment programs, including in the textiles and clothing sector. In any future discussion attention should focus on those programs which were consistent with basic WTO principles and with WTO and GATT rules.

6.25 The representative of Colombia said that Colombia had traditionally been an exporter of textiles and apparel, not in the same magnitude as other trading partners possibly, but it was an important sector of the economy. Colombia was also facing adjustment difficulties once this sector had been liberalized on 1 January 2005. Her delegation did have some difficulties in supporting the proposal introduced by Turkey. Her country was trying to overcome its own domestic difficulties and was vigilant in monitoring the situation which certain sectors of production were facing. But Colombia was also concerned at the systemic consequences which might stem from some of the ideas suggested by Turkey and complemented by Tunisia at earlier meetings. Her delegation also welcomed the proposals by Tunisia in past meetings but believed that they were too general in scope; the exact scope or thrust of some of these proposals and how they would be applied in practice was not quite clear. Likewise it seemed that the proposal from Turkey suffered from the same weak points. She was concerned with dealing separately with one sector when all Members were, in fact, working hard to open-up markets and achieve new market access opportunities, particularly for developing countries. Like Brazil, India, Hong Kong, China and China had pointed out, her delegation was also concerned by the fact that now the Negotiating Groups would have to deal with this sector in particular. There were specific mandates with difficult work and throwing in additional ingredients would overburden the work of these Negotiating Groups. Her delegation was also concerned with the idea of recommendations, particularly on the part of the WTO Secretariat, on how

to stabilize prices. This would go beyond Members' mandate and would be risky. Colombia, though, would look at these proposals in greater detail, particularly given the difficulties encountered in certain sectors of production. But her delegation wanted to proceed very cautiously before any decisions would be taken. She was inclined to suggest that some of Tunisia's proposals could be looked at in the CTD, complemented by considering some of the Turkish proposals, but without implying that this would lead to a link with the CTG. Her delegation had always said that efforts towards coherence which could involve other relevant international bodies were always welcomed, and she believed that in this area there was good ground to build upon.

6.26 The representative of Chile said that his delegation also shared the systemic concerns which had been noted by India, Brazil, Hong Kong, China, and Colombia. It was also concerned with the suggestion of starting work programmes or consultations specific to some sectors in this organization. He understood that the direction to go in the WTO was precisely the opposite, that was to close the exceptions that had existed for decades so as to bring sectors which historically had been anomalies such as textiles and agriculture into standards of general application. He was also concerned with the suggestion by Turkey to link a possible work programme in this Council with the work of other Negotiating Groups. And thirdly, he was worried by the suggestion to ask or to give the responsibility to the Secretariat of suggesting certain courses of action or possible solutions to this problem. Indeed, his delegation did not necessarily share the belief that there was a problem. In a nutshell his delegation had serious systemic reservations on Turkey's proposal.

6.27 The representative of Turkey thanked all the delegations and appreciated the high level of the discussion. He reminded the membership that textiles and clothing as a sector had been treated separately for the last 40 years. All Members were glad, and he wished to underline this, that it was now in the WTO system. But since October 2004 when Mauritius had submitted a paper regarding the coming problems, his delegation had been trying to draw everyone's attention to the restructuring difficulties to be faced, and that some were now facing, and to the distorting effects of the 10 years of the Agreement on Textiles and Clothing. Since January, Members were in this new era and in the recent paper his delegation had tried to draw the attention of Members to the fact that in global trade there were some problematic issues in terms of market conditions, in particular for the developing countries whose revenues were highly dependent on the export revenues of this sector. Developing countries had economic problems and the investments which had been made in this sector were crucial to all of them.

6.28 His delegation's paper did not seek to downgrade any country in any way. The example of China was very properly taken in his view because China was an economic power which his delegation was very glad to have in this organization since 2001. The price levels and the competition from China were a good example to show what the conditions of the market were. Regarding statistics, his country also benefited from Internet and the information technology. Statistics for example indicated that Turkey's exports to its Customs Union partner, the European Union, showed a 10 per cent increase. This should not be that surprising because Turkey was exporting under preferential treatment. One could see the same results for the other countries when they exported to their preferential partners. Turkey had been the second supplier of the European Union for years, since the Customs Union had started, and had achieved that level under fair market conditions. Of course Turkey wanted this to continue, but under fair market conditions. This was the basic reason why his delegation was asking for a study or work programme so as to be able to discuss problems. One could then see whether these problems were only originating in Turkey's structural adjustment or if there were some other issues that might be brought out by the Secretariat in the same manner it had done for the LDC study. The latter had done a good job in summarizing and identifying the issues and making important recommendations. As regards statistics, he was ready to share Turkey's other data with China and other Members. He was pleased that Turkish exporters had survived despite all the challenges of unfair conditions which had been noted in his delegation's submission and previous interventions. This did not change the reality. More importantly, this was not an issue between two

Members. Whatever his delegation and others had been saying was for all the developing countries, with a view to develop their trade. The problem was not only Turkey but what all exporters had been doing since January and how they saw their future.

6.29 As to the systemic implications perceived by some, the representative of Turkey stated that the systemic implications were valid and he understood what was being said. He did not want to repeat that this was a 40 year problem, but there was a problem and the systemic issue had not arisen when the LDC study had been agreed. Now the LDC study was there and would be tackled in the Committee on Trade and Development, and there was nothing wrong with that. He did not think that Members would introduce or generate restrictions or other measures in this sector through a study. He did not see any problem to carry out a study for developing countries under a work programme. The interventions made by other developing and developed Members confirmed that the establishment of a work programme was needed. This programme would be an excellent instrument to clarify what had been discussed at the present meeting, including all the hesitations that were heard from some Members, while at the same time fulfilling his delegation's expectations. He had no doubt that the Secretariat would do this well, on the basis of which one could possibly arrive at some recommendations for all countries. This was in many ways going to be a challenge, including for Turkey. He had no doubt that the study would be objective and, like in the LDC study, probably suggest more South-South trade. One would also see how the Secretariat would compile the necessary data, from which conclusions could be drawn by the Members, not by the Secretariat.

6.30 Going back to his delegation's proposals, if there would be implications to the Doha Round, then so be it. The point was not just to exchange views but to see if something could be done. The matter was already in the NAMA negotiations. There were discussions even in the Sub-Committee of Cotton where there had been some interventions to the effect that cotton issues were general issues. So the exchange of views between Committees should not be surprising to anybody. The WTO could tackle this issue after the compilation of data and the study by the Secretariat would have been made. Japan and some other countries had dwelled on the price stabilization issue. Price stabilization did not mean in any way new restrictions on exports. Price stabilization meant, if it would come out of the study, how less variations in prices could benefit developing countries. The very high variations were to the disadvantage of the other countries but this was something that this study could identify in this context. But he agreed with Japan and others that this was totally dependent on market forces. The idea was to point out what had been happening since January in order to show direction to Members. He did not believe that price stabilization should be a problem for Members because all knew, for example, that there were export taxes by China and that the European Union agreement with China also included price stabilisation efforts. So there was no other reason to look for why his delegation was talking about price stabilisation issues. But he again wanted be very clear that the idea was only to look at the reality in the market now. He suggested that all that he had said could very well be analyzed in a work programme, in a study prepared by the Secretariat. His country was ready to take this challenge, to have a picture of the market in this sector, to see how the transitional measures by all countries were effective, and to see the compilation of the data in terms of production and exports. He was of the view that this could be used in Members' economic domestic programmes, for future reference, and in terms of Members' economic needs.

6.31 The Chairman said that it seemed clear from the numerous interventions that there was, at this point, no common understanding among the Members, particularly on the proposals contained in the Turkish communication. He also noted that a number of delegations had expressed the strong wish that this issue be kept on the agenda of this Council. He believed, however, that there was a need for consultations, individually, bilaterally and multilaterally, in advance of that meeting. He was in the hands of Members if they wished to hold consultations on this issue, and believed it would not be very productive if the Council were to revert to this issue before doing so. He, therefore, proposed that the Council take note of the statements made and agreed to revert to this issue at its next meeting.

6.32 It was so agreed.

VII. NIGERIA TRADE RESTRICTIVE MEASURES

7.1 The Chairman informed Members that this item had been placed on the agenda following a request from the European Communities, dated 26 June 2005.

7.2 The representative of the European Communities noted that this item had been on the agenda of the 30 March 2005 meeting of the Market Access Committee. The minutes of that meeting, in document G/MA/M/39, under "other business" contained a good summary of the matter as well as of what motivated the EC to request this item on the agenda. At the EC's request, the summary is reproduced in the following paragraph.

7.3 The Communities wanted to raise the point on the new tariff regime and trade restrictive measures in Nigeria. The Communities had noticed that various restrictive measures were introduced between 2002 and 2004 and that these had had a negative impact on the normal trade flows between the Communities and Nigeria. Her delegation had taken up these issues on a bilateral basis including at Ministerial level and while there had been some indication that there would be a new tariff regime introduced and also some indications concerning both import and export bans, her delegation had thought that it could be helpful to raise the issue here in order to encourage Nigeria to commit to an early removal of these non-compatible import and export bans and also to encourage reduction of other trade restrictive measures. This could help to avoid the escalation of any dispute and could also help in the regional harmonization that was ongoing. So as she had mentioned there had been some indications that there would be reform and so she welcomed that commitment to reform the tariffs and to bring them into line with other ECOWAS member states. Her delegation also welcomed the statements concerning removal of import and export bans including bringing the tariffs for these banned products in line with the new tariff structures. The Communities strongly encouraged the early removal of the import and export bans this year if possible. This would send a very positive signal about Nigeria's commitment to meeting its responsibilities under WTO Agreements. The Communities also encouraged Nigeria to review other trade restrictive measures which would include the high registration fees applied to imports by the national agency for food and drugs administration and control and in connection with some planned visits for the purpose of certification of good manufacturing practice. At the same time, the Communities recognized the concerns of Nigerian industry and the need to phase in reform but the need for early action had to be stressed due to complaints from the Communities' own exporters and the possibility of therefore having to raise this at dispute settlement. Depending on how her delegation progressed in its discussions with Nigeria, there might be need to revert to this subject at a later stage.

7.4 His delegation considered that they were now at the later stage referred to at the end of the statement above. His delegation had, as Nigeria requested, provided a written version of its concerns about the import and export bans and their timetable for removal and the high levels of registration fees for regulated imported products by the national agency for food and drugs administration control, NAFDAC, to Nigeria on 30 May. His delegation raised the matter at this meeting because it was frustrated with a situation that it had facing since 2002. The matter had been raised at the Ministerial level and in respective capitals but no progress had been made.

7.5 The representative of Nigeria stated that his Government was equally frustrated. He recalled that Nigeria was confronted with the same issue during the recent review of its trade policy in May 2005. He was under the impression that there was satisfaction with his delegation's explanation at that time. He also understood that Members would allow the matter to rest. However, in light of the EC statement, he explained that the import prohibition measures were essentially transitory and were not intended for indefinite application. Nigeria was presently assessing the impact of the import bans on its economy and the trade of other countries, although it was already engaging bilaterally with

some of its partners to fully and amicably resolve all issues. Nigeria wished to assure all those affected by the measures that they were being reviewed with a view to phasing them out no later than 2007 and a process for their eventual elimination had already commenced. However, these concerns would be conveyed to the capital. Finally, he reiterated Nigeria's deep commitment to the multilateral system and reassured Members that his Government would not deliberately seek to undermine it.

7.6 The representative of Canada shared the concerns expressed by the delegation of the European Communities and was grateful to the delegation of Nigeria for the information just provided. His delegation hoped that in the future, Nigeria could provide Members with more information concerning the quantitative restrictions that had been imposed for the past three years or so, especially in terms of the tariff lines that were covered by these measures. He asked what the justification was for applying these measures when Members were previously told that they were temporary. At this meeting Members were told that they may be lifted by 2007. In the meantime, his delegation would appreciate that they be duly notified to the WTO according to the rules.

7.7 The representative of the United States also supported the EU on this issue. His delegation faced the same problems in doing business in Nigeria. It had raised these issues with the Nigerian authorities bilaterally. There seemed to be a process going on designed to address these issues. To the extent that there were consultations or information exchanged on these issues, his delegation wished to be part of that process.

7.8 The Chairman proposed that the Council take note of the statements made.

7.9 It was so agreed.

VII. ELECTION OF CHAIRPERSON FOR THE COMMITTEE ON TRADE-RELATED INVESTMENT MEASURES

8.1 The Chairman recalled that at the previous meeting of the Council, it had been agreed that, in accordance with the The Guidelines for the Appointment of Officers to WTO bodies contained in document WT/L/510, adopted by the General Council on 10 December 2002, he would carry out consultations on a new candidate for Chairmanship of the TRIMS Committee. He had carried out consultations and was pleased to be in a position to nominate Mr. Suren Badral of Mongolia for the Chairmanship of the TRIMS Committee. He proposed that the Council agree to elect Mr. Badral as Chairman of the TRIMS Committee by acclamation.

8.2 The Council so agreed.

IX. OTHER BUSINESS

A. REQUEST BY PAKISTAN FOR EXTENSION OF THE TRANSITION PERIOD UNDER THE TRIMS AGREEMENT

9.1 The Chairman informed Members on the status of the request for the extension of the transition period submitted by Pakistan at the end of 2003 and circulated in document G/C/W/478. Questions by the United States concerning this request and the replies provided by Pakistan were contained in documents G/C/W/480 and G/C/W/487, respectively. Informal consultations were held by his predecessor Ambassador Choi from which he reported that further time was needed to find an appropriate solution. He reported that this issue was on-going and opened the floor to any Member to update the Council on any developments.

9.2 The representative of Pakistan informed the Council that he had not received any new information from his capital on the matter.

9.3 The Chairman proposed that the Council take note of the information and the statement.

9.4 It was so agreed.

B. DATE OF THE NEXT MEETING

9.5 The Chairman informed the Council that the next formal meeting was scheduled to take place on Thursday, 10 November 2005. The agenda for this meeting would close on Monday, 31 October 2005.
