



Working Party on State Trading Enterprises

MINUTES OF THE MEETING HELD ON 3 MAY 2021

CHAIR: JOHANA MÉNDEZ (PANAMA)

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The Chair recalled that the meeting was being held remotely via Interprefy. The Chair recalled the technical arrangements that therefore applied to the meeting, which were described in the Technical Note on Interprefy. A link to this Note appeared in the Airgram that was sent to Members on 23 April 2021.

1 ADOPTION OF THE AGENDA

- 1. The Chair referred to the proposed agenda contained in WTO/AIR/STR/14, circulated on 23 April 2021. Nothing was raised under Other Business.
2. The Working Party on State Trading Enterprises (the Working Party) adopted the agenda.

2 REVIEW OF NEW AND FULL NOTIFICATIONS SUBMITTED BY MEMBERS

3. The Chair recalled that, according to paragraph 5 of the Understanding on the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994 (the Understanding), the Working Party was tasked with reviewing the notifications and counter-notifications submitted by Members on their state trading enterprises (STEs).

4. The Chair suggested that the Working Party review the notifications in the same way as at previous meetings, focusing on: (i) whether the notification responded adequately to the information requested in the Questionnaire (G/STR/3/Rev.1); and (ii) whether more information was required in order to permit, in the language of paragraph 2 of the Understanding, "a clear appreciation of the manner of operation of the enterprises notified and the effect of their operations on international trade".

5. The Chair recalled that new and full notifications were now presented every two years, as recommended by the Working Party (G/STR/8) and agreed by the Council for Trade in Goods on 22 June 2012. The most recent call for new and full notifications was contained in document G/STR/N/18, and called for Members to submit notifications for the years 2018 and 2019 by 30 June 2020. The Working Party would take up notifications from nine Members circulated since the previous meeting on 2 November 2020, and one revision of Switzerland's notification reviewed during the previous meeting on 2 November 2020.

6. The Chair recalled that, as provided in the Working Party's 1995 Report (G/L/35), Members wishing to raise questions on a notification under review were to present them in writing to the

notifying delegation and to the Secretariat at the latest three weeks before the meeting, and responses were also to be presented in writing in advance of the meeting. The Chair also reminded Members asking questions not already sent in writing that, if they wished to receive a written response, they would have to follow up by submitting their questions in writing to the Member concerned, with a copy to the Secretariat for circulation.

7. No questions were posed and no comments were made regarding the following notifications: **Australia** ([G/STR/N/18/AUS](#)); **Chile** ([G/STR/N/18/CHL](#)); **Costa Rica** ([G/STR/N/18/CRI](#)); **Kazakhstan** ([G/STR/N/18/KAZ](#)); and **Switzerland** ([G/STR/N/18/CHE/Rev.1](#)).

8. Regarding the notification of **Brazil** ([G/STR/N/18/BRA](#)), the United States expressed its strong interest in ensuring that WTO Members complied with their notification obligations in the Working Party. The United States recalled that, as stated in previous meetings of the Working Party, it had reason to believe that Brazil had failed to notify several STEs since 1997. Since these concerns were first raised, the United States had met several times with Brazil to discuss this issue, and Brazil and the United States were able to agree that the National Supply Company (CONAB) was to be notified. The United States welcomed this notification from Brazil as a positive first step towards bringing Brazil into compliance with its notification obligations. However, the United States expressed concern that there were still several entities that Brazil should notify to the Working Party. The United States indicated that it would continue to discuss this with Brazil. The United States also expressed concern that Brazil's most recent notification only covered the 2018-2019 period. The United States asked Brazil if it also intended to provide notifications for earlier periods, recognizing that there may be requirements that limit the periods for which CONAB may be able to provide information. The United States continued to hope that the issue could be resolved through bilateral discussions but indicated that if a resolution could not be found soon, the United States might need to file a counter-notification with the Working Party.

9. Brazil thanked the United States for its interest, indicating that a new exhaustive STE review process is under way, involving consultations with the supervisory MME, MAPA, and MCTIC ministries, regulatory agencies, ANP and ANEEL, and concerned entities under review. Excluding its review of CONAB, Brazil informed the Working Party that it maintained no other STEs, as reflected in its 2016 and 2018 notifications. Brazil additionally stressed that CONAB did not have exclusive rights or privileges and had not engaged in commercial foreign trade since 1997, and instead it limited its external activities to providing assistance under the World Food Programme (WFP). Brazil indicated that this activity had been notified within the framework of the Agreement on Agriculture. Brazil continued to assess the feasibility of making further notifications covering the 1997-2013 period, taking into account changes to Brazil's domestic legal framework, and the legal status and function of concerned entities. Brazil also indicated that its 2016 notification was not intended to cover prior years dating back to 1997, and that it was open to further discussions.

10. Regarding the notifications of **Guatemala** ([G/STR/N/15/GTM](#) - [G/STR/N/16/GTM](#) - [G/STR/N/17/GTM](#) - [G/STR/N/18/GTM](#)), **Israel** ([G/STR/N/17/ISR](#) - [G/STR/N/18/ISR](#)), **Pakistan** ([G/STR/N/17/PAK](#) - [G/STR/N/18/PAK](#)), and the **Philippines** ([G/STR/N/17/PHL](#) - [G/STR/N/18/PHL](#)), the United States expressed its appreciation for the fact that they covered the full period since each of these Members' last notification. The United States expressed the view that this was a good example for other similarly situated Members to follow.

11. The European Union thanked the Members that had submitted their notifications since the last meeting of the Working Party. The European Union emphasized that increasing transparency across the board is crucial for the WTO and is key in an effort to increase resilience of Members' economies, particularly in the context of post-pandemic work. The European Union also expressed hope that transparency would feature prominently at the 12th Ministerial Conference. To maximize enhancing transparency and facilitate Members in making notifications and providing other information, the European Union proposed that Members should seek to identify synergies across the work of the various WTO bodies. The European Union encouraged Members to submit their regular STE notifications within the deadlines and to respond to other Members' questions in a substantive and timely manner.

12. Korea expressed support for the European Union's statement, echoing the view that transparency should be included in the outcome of the upcoming 12th Ministerial Conference. Korea further shared the European Union's view that greater transparency could be achieved through

identifying synergies across the work of the various WTO Committees and underscored the importance of transparency for Korea as a net exporting country.

13. Japan thanked the European Union for its statement and expressed support for enhancing transparency as a fundamental element and as one that serves to ensure implementation of the current rules. Japan also encouraged all Members to submit their notifications on time and supported identifying synergies between the work of the Working Party and the Committee on Agriculture.

14. Canada highlighted the importance of enhancing transparency not only in the context of the Working Party but across all WTO committees to benefit all Members and support the work of WTO committees to monitor the implementation of WTO commitments. Canada supported identifying synergies between WTO committees, such as between the Working Party and the Committee on Agriculture. To that end, Canada along with Switzerland and Norway had submitted proposals to improve the understanding of how agricultural STEs may influence global trade.

15. Switzerland expressed support for the European Union's proposals on enhancing transparency as well as identifying synergies between the work of WTO committees. Switzerland looked forward to further discussions on ways to streamline notification requirements and avoid duplication of notification efforts.

16. The Chair drew the attention of delegations to the document containing the Status of Notifications ([G/STR/25](#)). The Chair noted that the Status of Notifications showed that many Members were not fulfilling their notification obligations and observed that this prevented Members from enjoying the full benefit of transparency. The Chair, therefore, urged Members that had not yet notified to do so, and to consult the Secretariat if they had any questions. The Chair also thanked Members that had notified and observed that their contribution to transparency was important.

17. The United States expressed appreciation for comments made earlier by Members on enhancing transparency, and thanked the Chair for her statement encouraging Members to make the required notifications. The United States noted that a number of Members had either failed to make any notification or had not notified for some time. Referring to data circulated by the Secretariat, the United States noted that 51 Members had not made a notification in the last ten years, and only 37 out of 136 Members had made the requisite notification for the most recent cycle. That was the lowest level of compliance the Working Party had ever seen, the previous being 45 notifications in 1996. The United States stressed that transparency was an important requirement for all WTO Members and notifications and counter-notifications were sometimes the only way that other Members could be properly informed of certain Members' activities in a given area. Low levels of compliance undermined the transparency function of the Working Party. The United States also noted that much of the information to be provided in the context of STE notifications had been provided and discussed in the Trade Policy Review process, in the WTO Committee on Agriculture, or had been otherwise provided to the WTO. Therefore, if it only required updating information, the notification process did not need to be cumbersome. Non-notification was a serious problem for the Working Party and required some type of action. The United States would fully support any initiative taken by the Chair or the Secretariat in this regard. In addition, the United States considered that timely and proper submission of notifications continued to impact the efficient functioning of the WTO more broadly. The United States noted that at the most recent meeting of the Council for Trade in Goods, the co-sponsors of the most recent revision of the proposal entitled "Procedures to Enhance Transparency and Strengthen Notification Requirements under WTO Agreements" ([JOB/CTG/14/Rev.3](#)) had expressed their intent to relaunch outreach to Members in the coming weeks as work continued to refine the proposal and address outstanding concerns of Members. The United States noted that while notification reporting by some Members had improved, overall those efforts had yielded limited and insufficient results. Part of the inability to meet notification commitments resulted from capacity constraints that could be supported through technical assistance, but there might also be procedural changes that could improve the operation and effectiveness of notification requirements. The United States welcomed ideas and comments to hone the proposal, to balance benefits with obligations, and to seek ways to reinforce the fundamental principle of transparency that is at the core of the WTO and remain critical to help restore the negotiating function of the WTO.

18. The Philippines supported the statements on the importance of identifying synergies in the work of WTO committees to help reduce Members' workload and thanked the Chair for encouraging Members to keep their notifications to the Working Party up to date.

19. The Working Party took note of the notifications, questions and answers and statements made.

3 REVIEW OF NOTIFICATIONS PREVIOUSLY REVIEWED BY THE WORKING PARTY

20. The Chair recalled that delegations had requested that the Working Party revert to notifications from three Members. First, Australia had asked the Working Party to revert to the notifications of **China** contained in document [G/STR/N/16/CHN - G/STR/N/17/CHN](#). On 29 April 2021, Australia had submitted written questions, circulated as document [G/STR/Q1/CHN/10](#).

21. Australia indicated that it was seeking further information from China regarding the activities of its STEs with respect to the importation of agricultural commodities, such as cotton, and coal. Concerning agricultural commodities, Australia wished to learn more about the requirements and conditions that enterprises other than STEs must meet in order to obtain trading rights; how tariff rate quotas (TRQs) are apportioned among STEs and non-STE; whether China has a reallocation mechanism to avoid underfill of the portion of a TRQ allocated to STE; and whether China had reviewed the involvement of STEs in its TRQs. Australia also sought an explanation from China on the involvement of STEs in the importation of coal into China, noting that no STEs for coal had been notified, and wished to know whether formal or informal quota administration was being used to allocate imports to state-owned enterprises in China. For both cotton and coal, Australia sought clarification of whether any Chinese authority had, directly or indirectly, officially or unofficially, instructed any Chinese STEs or other businesses to stop or limit purchases from Australia or from any other WTO Member. Finally, Australia indicated that it had requested some additional statistical information, which was not included in China's notifications, and requested an update from China on its overdue notifications.

22. China thanked Australia for its interest in China's previous notifications and for the further questions. China indicated that it was currently reviewing the questions, some of which had also been raised in the context of the Committee on Agriculture and the Council for on Trade in Goods, and would provide responses in due course. China reaffirmed that it was fully committed to fulfilling its WTO transparency and notification obligations, noting in this respect that it was finalizing its STE notification for the 2018-2020 period and would submit it for review shortly.

23. Regarding the notifications of **India** contained in documents [G/STR/N/15/IND](#) and [G/STR/N/16/IND - G/STR/N/17/IND](#), the Chair recalled that the United States had posed written questions to India on these notifications on 28 October 2019, which had been circulated as document [G/STR/Q1/IND/21](#). India had provided an initial oral response at the meeting of the Working Party of 1 November 2019, but no written response.

24. The United States informed the Chair that it had received written responses from India just prior to the meeting of the Working Party and was in the process of reviewing those responses. The United States indicated that it would follow up with India if necessary and looked forward to any further updated information that had not yet been provided in relation to the responses.

25. Australia welcomed India's notifications in document [G/STR/N/16/IND - G/STR/N/17/IND](#) containing trade data for the 2014-2018 period. Australia noted that India's notifications did not list any STEs with import and/or export privileges for pulses. However, it appeared that several STEs listed in the notification had been granted exclusive or special rights or privileges for pulses, which could influence the level or direction of imports or exports of pulses. There were also other enterprises not listed in the notification that appeared to have similar special rights or privileges for pulses. Australia observed that in July 2019 it had posed questions to India that were circulated in document [G/STR/Q1/IND/20](#) and related to India's notification [G/STR/N/15/IND](#). Australia thanked India for the responses it provided in the 16 July 2019 meeting of the Working Party, and requested that India confirm whether the responses it provided remain accurate for the period covered by India's subsequent notification, [G/STR/N/16/IND - G/STR/N/17/IND](#). Australia recalled that it had posed the following questions: (i) does India grant any enterprise any special rights or privileges for the import or export of pulses; (ii) noting some of the STEs reported in India's notification advise on their websites that they supply pulses in the domestic market, can India confirm that no STE exported any domestically-procured pulses; and (iii) can India confirm if its STEs disposed of pulses at market prices, operating according to market economy principles? Australia indicated that it looked forward to India's responses in due course.

26. India thanked the United States and Australia for their interest in India's STE notifications. In response to Australia, India indicated that it would respond in due course but did not have a response at this stage. India additionally confirmed that it had submitted written replies to the United States' questions prior to the meeting and looked forward to any further enquiries from the United States. In response to the United States, India also indicated that it would submit updated information as necessary at an appropriate time.

27. Regarding the notifications of **Viet Nam** ([G/STR/N/15/VNM](#) - [G/STR/N/16/VNM](#)), the Chair recalled that the United States had made a counter-notification, [G/STR/Q1/VNM/4](#), and that Viet Nam had responded in documents [G/STR/Q1/VNM/5](#) and [G/STR/Q1/VNM/5/Corr.1](#). The United States had asked follow-up questions to Viet Nam in document [G/STR/Q1/VNM/6](#), and Viet Nam had responded to these questions in document [G/STR/Q1/VNM/7](#). The United States in November 2020 had posed follow-up questions to Viet Nam in documents [G/STR/Q1/VNM/8](#) and [G/STR/Q1/VNM/8/Corr.1](#).

28. The United States requested Viet Nam to provide an update as to when it would submit written responses to the questions. In addition, the United States noted that during its most recent Trade Policy Review, Viet Nam indicated that it needed to consult internally to gather needed information before submitting the notifications due in 2010, 2012, 2018 and 2020. The United States requested an update as to when Viet Nam intended to submit notifications for these review periods, particularly for the oldest years where information should be readily available.

29. Viet Nam thanked the United States for the further questions in document [G/STR/Q1/VNM/8](#) and the related corrigendum, as well as for its statement at the meeting. Concerning outstanding notifications due in 2010, 2012, 2018 and 2020, Viet Nam reiterated that it attached great importance to transparency and had made best efforts in fulfilling its WTO notification obligations. Despite capacity constraints, Viet Nam was working hard to consult with all relevant agencies, gather information and would submit notifications in due course. Regarding the United States' follow-up questions, Viet Nam indicated that it was currently holding intense consultations with concerned entities so as to provide the United States with a written reply to clarify all remaining issues.

30. The Working Party took note of the notifications, questions and answers and statements made.

4 CONTINUED NON-NOTIFICATION OF STATE TRADING ENTERPRISES BY THE RUSSIAN FEDERATION

31. The United States regretted that this was the twelfth consecutive meeting at which the continued non-notification of STEs by the Russian Federation was on the agenda, and the ninth year that this issue had been raised in the Working Party. The United States understood that the Russian Federation had made an effort to meet its transparency commitments in other WTO bodies, but the United States regretted that this effort was being resisted in this Working Party. The Russian Federation had missed five consecutive notification cycles, or ten years, as indicated in the most recent Status of Notifications, and had not fulfilled a single STE notification obligation since joining the WTO. The United States explained that transparency was an important WTO requirement, which the Russian Federation had agreed to abide by when it joined the WTO, and which served an important function for all WTO Members to better understand and evaluate Members' STE operations and compliance with relevant WTO obligations. That having been said, the United States welcomed statements made by the Russian Federation at the October 2016 meeting of the Working Party acknowledging that companies had been granted the exclusive right to export liquefied natural gas and would, therefore, be notified. In addition, the United States noted and welcomed that the Russian Federation had previously indicated that it was planning to notify JSC United Grain Company as an STE. However, at the Working Party meetings in both 2019 and 2020, the Russian Federation had indicated that this may not be the case, although it had given no explanation for the change in the Russian Federation's position. The United States had attempted to discuss this issue bilaterally with the Russian Federation and continued to wait for an opportunity to do so. At the November 2020 meeting, the Russian Federation had also stated that it needed more time to complete its preparatory work on the notification. The Russian Federation had taken this same position since October 2012, i.e. since the first meeting of the Working Party after the Russian Federation had become a Member. Given these and other past indications by the Russian Federation that a notification was coming, the United States asked the Russian Federation to update the Working Party on when its notification would be submitted for review, and on whether the upcoming notification would provide all the required information for the missing years, as well as the most recent period.

32. The European Union reiterated its concern about the lack of STE notifications by the Russian Federation. During previous meetings of the Working Party, as well as in the framework of the Russian Federation's Trade Policy Review, the European Union understood that the Russian Federation granted exclusive rights to several companies, pursuant to the Order of the Government of the Russian Federation of 14 July 2014 No. 1277-r and Government Regulation No. 2001-r of 9 October 2014. At the November 2020 meeting of this Working Party, the Russian Federation had explained that preparation of the notification was in its final stages. The European Union regretted that the Russian Federation had not yet fulfilled its notification obligations and urged the Russian Federation to turn its repeated announcements into concrete action.

33. The Russian Federation thanked the United States and the European Union for their continued interest in the issue and informed Members that it continued to work with the relevant ministries and the respective enterprises to move forward with the issue. Despite its efforts, the Russian Federation indicated that more time was required, and the Russian Federation would submit a full notification to Members once work was finalized. Regarding JSC United Grain Company, the Russian Federation stated that it had previously provided to this Working Group as well as to the Committee on Agriculture a detailed explanation of why JSC United Grain Company fell outside the definition of STEs. The Russian Federation commented that it had also provided responses to Members' questions regarding the activities of JSC United Grain Company, both before the Working Party and the Committee on Agriculture and was ready to engage bilaterally with all interested delegations to provide answers to any remaining questions.

34. The Working Party took note of the statements made.

5 OTHER BUSINESS

35. No issue was raised under other business and no statements were made.

6 DATE OF FOLLOWING MEETING

36. The Chair recalled the Working Party's practice of holding its regular meetings either immediately before or immediately after the week during which the Committees on Anti-Dumping Practices, on Safeguards and on Subsidies and Countervailing Measures hold their regular meetings. However, because of the Ministerial Conference scheduled for the end of the year, the Chair noted that the autumn meeting of the Council for Trade in Goods was expected to be held earlier than usual and the Working Party needed to meet sufficiently in advance of the Council for Trade in Goods. Given that, the Chair proposed to schedule the following meeting of the Working Party for 5 October 2021.

37. No objections were raised.

38. The meeting was adjourned.
