Sutherland calls on governments to urgently ratify Uruguay Round results

Governments should urgently ratify the Uruguay Round Agreements,” GATT Director-General Peter Sutherland stressed in his address to the 27th International General Meeting of the Pacific Basin Economic Council in Kuala Lumpur on 25 May. He called on governments to face down possible domestic pressures by asserting “the rights and interests of their business communities as a whole, rather than those of narrow but vocal and politically-powerful lobbies unwilling to cope with change.”

Expressing optimism that the the World Trade Organization (WTO) would be established “on target” on 1 January 1995, Mr. Sutherland outlined the work agenda facing the WTO:

- The implementation of the new agreements, which would means for governments establishment of new legislation, regulations and practices;
- Pursuing and, where possible, completing, negotiations to get some major traders into the multilateral trading system, including China, the Russian Federation and Chinese Taipei;
- Pursuing the recently-launched negotiating programme on services, including financial and maritime services, basic telecommunications and movement of natural persons;
- Starting a balanced and coherent discussion under the new work programme on trade and environment; and
- Making the WTO work effectively, by ensuring the credibility of the new dispute-settlement system and providing adequate funds and staff.

He called on Asian businessmen, who would gain from the results, to give “active and enthusiastic support” to the ratification of the agreements. “In the hard push to bring the Round results to fruition, your shoulder needs to be firmly on the side of multilateralism and free trade,” he concluded.

Poised for a recovery?


Council defers action on banana reports as EC offers to negotiate with all parties

The Council, on 10 May, considered for the second time a report by a panel, which had ruled that the European Community’s preferential tariff rates accorded to imports of bananas from the African, Caribbean and Pacific (ACP) countries were inconsistent with the GATT m.f.n. provision (see page 5).

Guatemala, speaking also on behalf of Mexico and Honduras and observers Ecuador and Panama, said the EC could not continue to ignore the panel’s clear cut conclusions in imposing a regime in violation of GATT rules. It said that the fact that some countries had accepted an offer by the EC in the context of the Uruguay Round did not make the regime any more consistent with the GATT.

Argentina, the ASEAN countries, Australia, Bolivia, Canada, Chile, Cuba, El Salvador, India, Japan, the United States and Uruguay supported the adoption of the report.

The EC stressed that it was trying to negotiate a solution to this sensitive matter with some countries, and that it was ready to initiate negotiations with all its partners with the aim to reaching a solution that met the interests of all concerned. It hoped that no one would jeopardize the chances of success as one came close to reaching an acceptable formula. The

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World trade growth slowed in 1993

Results for this year depend on Western Europe and Japan

World trade growth slowed last year in volume terms, but prospects for 1994 are better provided recovery in Western Europe and Japan is not delayed. These are among the key points from a report, released by the GATT in April, which examines world trade trends in 1993 and looks ahead to 1994. Highlights from the report by GATT economists:

- The volume of world merchandise exports grew by 2\(\frac{1}{2}\) per cent in 1993. Although the pace of world trade growth was well below the 4\(\frac{1}{2}\) per cent recorded in 1992, world output growth is estimated to have increased slightly last year to just under 2 per cent, confirming that world trade growth continues to exceed world output growth.

- On a regional basis, rates of expansion in the volume of merchandise trade above the world average trade were recorded - for the second consecutive year - in North America, Asia and Latin America, also the fastest growing regions in terms of output.

- World merchandise trade on a value basis was $3.6 trillion ($3,600 billion) in 1993, down 2 per cent from the previous year's total due to sluggish volume growth and the effect on trade statistics of the appreciation of the U.S. dollar with respect to the major European currencies, and declining prices on world markets for fuels and other minerals.

- In Western Europe, the combination of valuation effects and declines in trade volumes produced the largest decline (-10 per cent) in the dollar value of the region's trade (including trade between Member States of the European Union) in the postwar period.

- The share of mining products in world merchandise trade reached a postwar low, while that of manufactures reached a postwar high (12 and 75 per cent, respectively).

- Growth in the value of world trade in commercial services, currently in excess of $1 trillion ($1,000 billion), decelerated sharply in 1993, but - in contrast to merchandise trade - remained positive.

- Last year's change in current account balances relative to GDP was modest and the relative level of imbalances among the five largest traders continues to be smaller than in the mid-1980's.

- If forecasts of a mild recovery in Western Europe and Japan by mid-year turn out to be correct, the volume of world merchandise trade could expand by more than 5 per cent this year. If, instead, delays occur in the recovery, trade growth is likely to be closer to last year's 2\(\frac{1}{2}\) per cent.

Excerpts from the GATT report follow:

Overview of developments in 1993 and outlook for 1994

The volume of world merchandise exports grew by 2\(\frac{1}{2}\) per cent in 1993 (see chart). Although the pace of world trade growth was well below the 4\(\frac{1}{2}\) per cent recorded in 1992, world output growth is estimated to have increased slightly last year to just under 2 per cent, confirming that world trade growth continues to exceed world output growth.
The slowdown in world trade growth last year was due primarily to the effects of the recession in Western Europe. The growth of imports of all other regions combined expanded at 7.5 per cent, the same pace as the preceding year. The recession had a depressing effect not only on the volume of intra-Western European trade, but also on the exports of trading partners, although precise estimates are not available. While this was a factor behind the trade performance of Central and Eastern Europe and the republics of the former USSR, available figures for export and import growth of economies in transition still indicate an improvement relative to the preceding year.

On a regional basis, rates of trade expansion above the world average were recorded - for the second consecutive year - in North America (Canada and the United States), Asia and Latin America, which were also the fastest growing regions in terms of output. The acceleration of demand in North America helped Latin America record the highest rate of expansion in the volume of merchandise exports, and was also a factor behind Asia's higher export growth. Trade growth in each of the three regions was due in part to a strong expansion of trade with regional trade partners, leading to higher shares for intra-area trade.

World merchandise trade on a value basis was $3.6 trillion ($3,600 billion) in 1993, down 2 per cent from the previous year's total. The fact that world merchandise trade increased in volume terms but fell in dollar terms is explained principally by the effect on trade statistics (the "valuation effect") of the appreciation of the U.S. dollar with respect to the major European currencies, in addition to declining prices on world markets for fuels and other minerals. These factors, and the divergent trends in volume growth among the regions, led to a significant re-arrangement in the map of world trade at the regional and individual country levels. In Western Europe, the combination of declines in trade volumes and valuation effects produced the largest decline (-10 per cent) in the dollar value of the region's trade in the postwar period (including trade among Member States of the European Union). Asian traders rose in the ranks of the 25 leading traders. At the product level, the share of mining products in world merchandise trade reached a postwar low, while that of manufactures reached a postwar high (12 and 75 per cent, respectively). The limited data available on the value of last year's trade in commercial services - which include transportation, tourism, telecommunications, insurance, banking and other professional services - point to a rate of expansion well below the 12 per cent increase in 1992, the first year in which trade in services reached the $1 trillion ($1,000 billion) level. As with merchandise trade, the sharpest deceleration was observed in Western Europe. Although a significant part of this deceleration can be traced to the valuation effect of the dollar's appreciation vis-à-vis the European currencies, a marked deceleration in the expansion of commercial services trade in national currency terms is
also evident. The same is also true of the United States and Canada. On the assumption that trade in commercial services in the rest of the world, and in particular in Asia (for which no data are as yet available), continued to expand at the same pace as in 1992, preliminary estimates suggest that the dollar value of world trade in commercial services may have increased by around 3 per cent last year, a modest gain by recent standards, but once again a better performance than world merchandise trade.

Outlook for 1994

Uncertainty over the prospects for world trade and output growth in 1994 are largely the result of uncertainties regarding the timing of recovery in Western Europe and in Japan. Although figures for Western Europe and Japan suggest that recessionary pressures had receded by the end of 1993, stabilizing the overall level of economic activity, it is too early to tell whether growth has resumed. If forecasts of a mild recovery turn out to be correct, the volume of world merchandise trade could expand by more than 5 per cent this year. If, instead, delays occur in the recovery of Western Europe or in Japan, trade growth is likely to be closer to last year’s 2 1/2 percent.

Aside from Western Europe and Japan, areas where economic and trade activity remains relatively weak include Africa, the Middle East, and Central and Eastern Europe and the republics of the former USSR. At the same time, a number of countries where programs of economic reform are well underway are reporting increases in domestic economic activity. This is particularly evident in Latin America, and to a lesser extent in Central and Eastern Europe. Because developing regions rely for their export growth to a significant extent on demand growth in OECD markets (the destination of roughly two-thirds of their exports on average), a strong and sustained recovery in those markets would provide an important boost not only to developing country exports, but also to programs of economic reform in those countries.

Trade by region and traders

Two developments last year complicate this initial examination by the GATT Secretariat of trends in world trade in 1993. One has already been noted, namely the appreciation of the dollar against the ECU and the resulting “valuation effect” on the dollar value of world trade in merchandise and commercial services. The other factor is the delay in the availability of trade statistics for the members of the European Union (EU), due to the elimination on 1 January 1993 of customs formalities for cross-border transactions between Member States, as part of the Single Market program. Given that the trade of the EU Member States - among themselves and with third countries - accounts for about 40 per cent of world merchandise trade, the delay necessarily introduces an added element of uncertainty into early estimates of trade developments not only for the countries involved, but also for the world totals.

Volume growth by region

The slower growth last year in the volume of world merchandise trade was due principally to the effects of the recession in Western Europe. The decline in demand in Germany, France, Italy and a number of other countries led to a sharp drop in imports, spilling over into export volumes of trading partners. With the relative importance of intra-regional trade high for most West European countries (generally more than two-thirds), the result was a decline in export and import volumes for the region as a whole. Import volume was down more than export volume (3 1/2 per cent compared to 1/2 per cent), as the growing import demand in Western Europe’s trading partners partly offset the decline in intra-regional trade.

Although precise estimates are not available, the depressing effects of the recession in Western Europe on the demand for imports had an adverse effect on the exports of trading partners. Available trade figures for the region composed of Central and Eastern Europe and the republics of the former USSR - whose major trading partners are in Western Europe - nevertheless indicate an improvement over the preceding year. On the export side, several countries reported increased export volumes, including the Russian Federation which reported sharply higher export volumes (mainly of fuels). On the import side, rapid growth was reported in Poland, the Czech Republic and Hungary where economic recovery has taken hold. This recovery in imports contrasts with the sharp decline in import volumes of the Russian Federation, estimated at more than one-fifth.

On a regional basis, rates of trade expansion above the world average were recorded - for the second consecutive year - in North America, Asia and Latin America, the fastest growing regions in the world economy. The volume of merchandise imports was up in North America and Asia (11 and 10 1/2 per cent, respectively) and Latin America (8 per cent). Although well above the world average, Latin America’s import growth slowed sharply last year (imports rose 18 per cent in 1992). Increased demand in North America helped Latin America record the highest rate of expansion in the volume of merchandise exports among the seven regions (up 9 1/2 per cent in 1993 compared to 7 per cent in the previous year). Asia’s export growth edged up slightly to 6 per cent, despite a decline in the volume of Japan’s exports and a marked deceleration in China’s exports (which nonetheless remained above the region’s average). At 5 1/2 per cent, North America’s merchandise export growth was less strong than in 1992, as the slowing demand for imports in Latin America and a decline in Western Europe offset the faster growth of intra-regional trade.

Value developments

Secretariat estimates point to a sizeable decline in the value of merchandise imports and exports for the countries in Western Europe (as a group), a virtually unprecedented event in the postwar period. This stemmed from the impact of the broadly-based contraction in demand on intra-regional trade, coupled with the valuation effect of the dollar’s appreciation against the major European currencies. For the region composed of Central and Eastern Europe and the republics of the former USSR (two-thirds of whose trade is with Western Europe), figures in US dollars indicate sharper declines in 1993 than in the previous year, despite the improvement in trade performances on a volume basis. Trade results on a value basis were mixed within the region, with increases in exports reported for the Czech Republic and the Russian Federation, and declines for Hungary and Poland. On the import side, the strong increases recorded by Poland, the Czech Republic and Hungary were more than offset by a decline in imports into Russia of more than one-quarter.

Asia recorded the highest rate of increase in the value of exports (7 1/2 per cent), with the rise broadly-based among countries in the region. For Japan (where export volume declined), the value gains resulted from the appreciation of the yen against the dollar. In China, export growth measured in dollars fell sharply (from 18 per cent in 1992 to 8 per cent last year), but import growth rose (to 29 per cent from 26 1/2 per cent in 1992). Among the other major traders in the region, import and export growth remained generally strong, with important exceptions such as Hong Kong (where domestic exports and retained imports fell), Korea (where imports rose slightly) and Australia.

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Council

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Community expressed concern that the panel had challenged the basis of the EC assistance policy - the Lomé Convention.

Cameroon, Côte d’Ivoire, Dominica, the Dominican Republic, Jamaica, Madagascar, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago said they were not ready to consider the report as they were still studying the matter. Ghana said adoption of the report would lead to the complete dislodging of the small share of Africa in the EC banana market. Mauritius said that adoption would drive the small Caribbean islands into “indigence.”

The Council agreed to revert to this panel report, as well as to the previous report on EC Member States’ import regimes for bananas, at a future meeting.

Canada’s action on beef

Australia reported it had been consulting with Canada over the latter’s safeguard action on imports of boneless beef from sources other than the United States. It had reiterated in these consultations concerns about what it saw as the absence of any justification for Canada’s measures. Australia welcomed a recent Canadian decision to come under the Korean category of “raw, frozen” product which was allowed a 90-day shelf life. Now, the US sausages had been classified as “heat-treated, chilled”, which was granted only a 30-day shelf life. The United States said that in consultations with Korea, it had provided scientific information in support of a 90-day shelf life for frozen heat-treated sausages. It urged Korea to release immediately 37 containers of US sausages currently detained at port.

Korea said the measure was in response to irregularities committed by certain importers who had been misrepresenting frozen cooked sausages as frozen raw sausages in their import licenses to obtain longer shelf-life for their products. It said that cooked sausages were generally not sold frozen but chilled. In a country without a fully-developed cold chain system, such as Korea, allowing a long shelf life for cooked but not frozen sausages could pose a danger to consumers.

WTO Director-General

The Chairman of the Contracting Parties, Ambassador András Szepesi (Hungary), said he had been informed by GATT Director-General Peter Sutherland that the latter would not be a candidate for the post of Director-General of the World Trade Organization (WTO) and would leave office by the end of the year - the target date for the establishment of the WTO.

Ambassador Szepesi said that in the absence of procedural rules for the appointment of the WTO Director-General by the Ministerial Conference, the appointment process would have to follow existing GATT procedures, which provided that “the decision to appoint the Director-General for a first term should be taken after a process of consultation to be conducted by the Chairman of the Contracting Parties and to be started by an announcement at a meeting of the Council of Representatives no less than six months before the Session of the Contracting Parties where the appointment is made.”

Ambassador Szepesi said he would initiate the process of consultations on the appointment in the near future, and would keep the Council informed on the progress achieved.

Panel report on EC banana import regime presented

The Council, on 23 March, considered for the first time a panel report on the European Community’s common import regime for bananas. The panel was established in June 1993 at the request of Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela.

Ambassador K. Kesavapany (Singapore), chairman of the panel, introduced the report. He noted that the panel had found that the EC tariff quota on imports of bananas was not inconsistent with GATT Articles XI (on elimination of quantitative restrictions) and XIII (on non-discriminatory application of quantitative restrictions); that the security requirements and other formalities connected with the importation of bananas were not inconsistent with Article XVII:1 (on subsidies) to discuss, upon request the possibility of limiting the subsidization of bananas.

The panel had further concluded that: the specific duties levied by the Community on imports of bananas were inconsistent with Article II (schedules of concessions); that the preferential tariff rates on bananas accorded by the EC to ACP countries were inconsistent with Article I (m.f.n.) and could neither be justified by Article XXIV (on customs unions and free-trade areas) nor by Article XX(h) (on exemptions for commodity agreements); and that the allocation of import licenses granting access to imports under the tariff quota was inconsistent with Article III (on national treatment) and Article I and could neither be justified by Article XXIV nor by Article XX(h). The panel recommended that the Contracting Parties request the EC to bring its tariffs on bananas and the allocation of its tariff quota licenses into conformity with its GATT obligations.

Guatemala, speaking also on behalf of Mexico, Honduras, Ecuador and Panama, expressed regret that a solution to the issue was not reached in the Uruguay Round. It expressed concern that the EC had continued to insist on a regime contrary to the GATT. However, in keeping with the spirit of pragmatism, it proposed that instead of the Council adopting the report, a firm commitment be made by all parties concerned to pursue further negotiations under GATT auspices.

Colombia, speaking also on behalf of Venezuela, said they were continuing their negotiations with the Community on

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The following are excerpts from the Chairman's summaries of the discussions during the Council's review of the trade policies of Senegal (21-22 March) and the United States (16-17 February) under the GATT Trade Policy Review Mechanism (TPRM):

**SENEGAL**

Council members recognized that Senegal had for many years experienced problems common to many countries in West Africa, including slow growth, chronic current account deficits, difficulties in balancing public finances and increasing indebtedness. Senegal had been engaged in structural adjustment, including trade liberalization, for some fifteen years, with the process gaining some momentum since 1986. Participation in the West African Monetary Union had given Senegal a stable currency and low inflation, but reduced the flexibility to strengthen sectors producing tradable goods. The decision taken by UMOA members to devalue their common currency by 50% in January 1994 gave the potential to improve Senegal's economic and trade performance significantly.

Participants noted that Senegal's exports were concentrated in a limited number of products and markets. Its main export commodities, groundnuts, fish and phosphates, were vulnerable to price fluctuations and often to sanitary, phytosanitary or environmental restrictions in importing countries. Senegalese exporters also suffered from cost disadvantages with respect to labour, other inputs and transportation charges. Most of Senegal's trade was with members of the European Union; exports to many other partners were negligible. The authorities were encouraged to explore other potentially attractive markets and were asked what plans existed to further promote and diversify exports.

Members noted that import taxes represented nearly half of government revenue. This presented the authorities with a dilemma between trade liberalization and the maintenance of fiscal balance. High levels of import taxes had apparently spurred considerable illicit trade; participants asked what measures were contemplated to reduce smuggling and tax evasion. It was noted that the authorities were currently taking a pragmatic approach towards the large informal sector, recognizing its dynamic function in the Senegalese economy.

In reply, the representative of Senegal called attention to the economic difficulties experienced and the painful measures taken to redress the situation with the support of the IMF, the World Bank and the Paris Club. Liberalization was being pursued despite the difficulties.

Senegal had long sought to promote and diversify its exports, *inter alia*, through the creation of the industrial free zone, export insurance and export promotion agencies; suspension of taxes on exports; temporary admission and drawback regimes; and simplification of administrative procedures. Agricultural producer prices had also been raised. Health and sanitary regulations did, however, pose serious obstacles for exports to certain markets.

Tariff and other tax receipts were expected to increase, in spite of the lowering of tariffs, as a result of increased demand for imports and domestic products, and the fight against smuggling.

Participants appreciated the trade liberalization efforts undertaken by Senegal, particularly since 1986. Tariffs were not very high; however, the cumulation of various duties and charges resulted in significant levels of import taxation. Members sought details on changes in import duties and charges since January 1994, and urged the Senegalese authorities to observe maximum transparency in publishing such information. Specific queries related to the replacement of import quotas by a temporary import surcharge, and to the objectives of a maritime tax and a tax on textile fabrics.

The recent abolition of Senegal's export subsidy programme was welcomed.

The representative of Senegal said that following the CFA franc devaluation, tariffs had been reduced by 5 percentage points; fiscal duties had been reduced substantially and the special 65% rate abolished. Stamp duty, set at 5%, was now based on the c.i.f. value alone. VAT rates and other internal taxes had also been reduced and simplified.

All imports by sea were subject to the COSEC levy aimed at encouraging the creation of a national fleet. The parafiscal tax on cloth was levied at 1%. Imports of luxury goods had been subject to a 20% surcharge from 15 February 1994.

All fabrics had been subject to a selvage marking requirement, whose aim was to reduce fraud. This requirement was no longer applied following pressure from economic operators, and its abolition was being considered. Used clothing imports were restricted for health reasons and to avoid closure of local manufacturing. Used vehicles were restricted partly for safety reasons: the criteria had, however, been eased in January 1994.

Export duties had been abolished in February 1994, as had the obligatory loan by businesses in the free zone.

Members commended Senegal for its active participation in the Uruguay Round, including its submission of substantial offers in market access and services. Members hoped that the renegotiation of Senegal's tariff schedule would soon result in a comprehensive schedule of bindings.

The representative of Senegal responded that his country was committed to completing the renegotiation of its GATT schedule by June 1994 and these bindings would be added to those already offered in the Uruguay Round.

Senegal, with its partners, would conform with the requirements of GATT in relation to the revised ECOWAS Treaty. Senegal was ready to sign and ratify the Uruguay Round Agreement, including the relevant Codes.

The new West African Economic and Monetary Union treaty had been signed on 10 January 1994 and should be ratified by 30 April. Strengthening of economic complementarity, harmonization of legislation and introduction of common sectoral policies were key elements, in the overall framework of a competitive and open market economy.

The Council encouraged Senegal to pursue its structural economic reforms and adjustment in the light of the CFA franc devaluation and the Uruguay Round results.
THE UNITED STATES

Delegations complimented the United States for its leading role in the conclusion of the Uruguay Round and urged the Administration to continue working closely with Congress to obtain smooth ratification of the agreement.

While action by the United States in support of the multilateral system was recognized, there were preoccupations concerning some of its trade policy initiatives. The ratification of the North American Free Trade Agreement was welcomed. However, some felt the agreement could lead to net trade diversion. The pursuit, through bilateral and unilateral means, of market-opening in other nations was seen by many as potentially counterproductive and disruptive to the multilateral trading system. In these regards, many stressed the importance of commitment by the United States to, and abidance by, multilateral rules and disciplines; concern was expressed that the United States should not resort to managed trade, particularly in the form of bilateral agreements, to address bilateral trade difficulties but should use the present GATT and future WTO mechanisms to the fullest extent.

The US representative said the principal objective of US trade policy was to reap economic gains for itself and its trade partners from reduction of global barriers to trade with the view to their elimination; policy was motivated by the desire to solve specific trade problems and open others’ markets on an f.m.f.n. basis. Expansion of market-oriented rules based trade was fundamental to greater efficiency in US and world production, independent of the status of the US trade balance. The multilateral system was the “floor” for the US approach to trade policy. Consequently, the completion of the Uruguay Round had been a priority and, in this regard, prospects for early Congressional action were good. The United States was committed to the implementation of the Round results.

The tightening of agricultural import barriers, notably on sugar and meat, was a further cause of preoccupation. Fears were expressed that NAFTA could reduce access to the US sugar market for non-members. Legislation concerning the use of imported tobacco was widely seen as detrimental to exporters of all forms of raw tobacco. Questions were also raised on US steel import policies, where antidumping and countervailing measures acted as a significant barrier to trade.

Participants feared the potentially restrictive nature of the NAFTA origin rules on textiles and clothing, and queried recent measures to prevent circumvention of MFA bilateral agreements. Rules of origin and tariff reclassification were seen as potentially damaging instruments in the motor vehicle sector. Several questioned the bilateral nature of commitments on automobiles and components sought by the US with Japan.

In response, the US representative stated that changes in laws required to meet Uruguay Round commitments in agriculture would be contained in the implementing legislation. There was no intention to go beyond the current Round commitments on subsidy reduction. While commending the reduction in the use of the Section 301 authority, several participants expressed preoccupation at the persistent use of “Special 301” in intellectual property issues. With the implementation of the Uruguay Round dispute settlement provisions, resorting to unilateral measures under Section 301 should no longer be necessary.

The US representative expected that, with the entry into force of the Uruguay Round dispute settlement undertakings, “unilateralism” in the existing sense would disappear. Section 301, which had been a spur to the expansion of multilateral rules, would be operable within the WTO system.

Conclusions

This third review of the United States’ trade policies and practices has underlined the importance of the United States in the multilateral trading system. The present period is crucial for the stability and future of world trade. There are many positive elements in U.S. trade and economic policies, but the very size of the economy and trading sector means that any weaknesses in its policies impact on all its trading partners. Participants thus look to rapid ratification by the US of the Uruguay Round agreements, to consolidate a strengthened multilateral base for US trade policies. I therefore return to the point made at the outset: the importance attached by the Council to consistency and coherence in US trade policies and the need for the United States to adhere closely to multilaterally agreed provisions, both now and in the implementation phase of the Uruguay Round.
GATT membership rises to 123

GATT membership has risen to 123 with the recent accessions of Honduras, Angola, Qatar and Liechtenstein.

Honduras became the 123rd member of GATT on 10 April, 30 days after the country’s Protocol of Accession had been formally ratified, by the Government of Honduras. The terms of the Protocol were negotiated in a working party.

Angola, Qatar and Liechtenstein joined the GATT under the provisions of Article XXVI:5(c), which provides that countries that have acquired full autonomy in external commercial relations, as notified by the relevant member, could become contracting parties following their notification to the GATT Director-General.

Council

(Continued from page 5) this issue, and that hopes for a solution remained high.

The EC said that all parties must continue the dialogue and be willing to show a certain amount of flexibility if a solution was to be found.

St. Lucia, speaking also on behalf of other ACP countries, said since the issue was the subject of intensive negotiations, the Council should defer consideration of the panel report.

Working Parties

The Council established working parties to examine, respectively, the membership application of Estonia, and the North American Free-Trade Agreement (NAFTA).

Canada, Mexico and the United States had notified NAFTA, which had entered into force on 1 January 1994, and said they would provide further information that would help GATT members make appropriate reports and recommendations.

New ITC Executive Director

GATT Director-General announced that the long-standing problem over the vacancy in the top post of the International Trade Centre UNCTAD/GATT had been finally solved. He said that he and the UN Secretary-General Boutros Boutros Ghali had appointed Mr. Denis Bélisle (Canada) as the new Executive Director of the ITC.

Mr. Sutherland said that Mr. Bélisle had extensive management experience in both the private and public sectors in the field of trade promotion and technical assistance to developing countries.

CORRECTION

In the previous issue (Focus No. 107, page 16), the following governments were mistakenly not included in the list of signatories to the Final Act of the Uruguay Round on 15 April 1994 in Marrakesh: China, Guyana and Mauritania.

Trade

(Continued from page 4) North America’s export growth slowed, but import growth accelerated. Exports were affected by a decline in shipments to Western Europe and to Japan, and a sharp deceleration in shipments to Latin America. At the product level, a steep decline in shipments of civil aircraft by the United States was an important factor. There was, however, a rapid rise in intra-regional trade, boosted by the recovery of demand in both Canada and the United States. The import figures also reflect a sharp rise in imports from the ASEAN countries, Mexico and Japan.

Price declines for fuels and other minerals explain the modest rise in export earnings for Latin America (mineral products account for more than one-quarter of exports), despite the sharp rise in export volume last year.

Africa’s exports and imports are also estimated to have declined substantially in 1993 in dollar terms, due to the combined effects of declines in dollar prices for major commodity exports such as fuels and other minerals and little change in trade volumes. The declining price of fuels was the major factor behind the fall in exports of the Middle East, although export volumes were up.

Trade results by region reflect the main trends apparent at the individual country level, as can be seen from the table of 25 leading merchandise exporters and importers. Although data for the Member States of the European Union (EU) are incomplete, estimates point to changes in the ranking of traders as a result of the declines in exports and imports, including France (on the import side), the Netherlands, Belgium-Luxembourg and Spain.

In contrast, virtually all Asian traders moved up or retained their rank among the leading traders. By way of historical comparison, two decades ago China and Hong Kong were the only two Asian developing economies among the 25 leading traders.

The divergent trends in economic activity led to a widening of merchandise trade imbalances in four of the five major traders. A better perspective on these developments is obtained first by focusing on current account balances rather than merchandise trade balances (neglecting trade in services is a major oversight), and second by relating the current balances to GDP, since this eliminates the effects of inflation and currency re-alignments, and adjusts for the fact that a current account imbalance of a given size declines as GDP expands. From this perspective, last year’s change in current account balances was modest and the relative level of imbalances among the five largest traders continues to be smaller than in the mid-1980s.