World trade looked up in 1992, but GATT economists see uncertain prospects this year

World trade growth accelerated last year for the first time since 1988. However, the prospects for the trend continuing in 1993 are uncertain with the balance of risks on the downside. These are key points from a report, released by the GATT in March, which examines world trade trends in 1992 and looks ahead to 1993. Among the highlights:

- world merchandise trade grew by 4 1/2 per cent in volume terms in 1992, up 1 1/2 percentage points on 1991 and the first reversal of a downward trend in trade growth that began in 1989;
- the value of world merchandise trade increased by 5 1/2 per cent in 1992, reaching $3.7 trillion ($3,700 billion);
- world trade in commercial services is estimated to have grown by about 8 per cent to a value of $960 billion;
- North America (mostly the United States) and Asia (except Japan) were the highest performing regions for both export and import growth in 1992, with Latin America (mostly Argentina, Chile, Mexico and Venezuela) and the Middle East (most countries) reporting strong import growth;
- Germany’s slow and then negative economic growth caused a slump in import growth from 13 per cent in 1991 to 2 per cent last year and was a key element in Western Europe’s lower import growth;
- Western Europe’s exports to Central and Eastern Europe once again expanded faster than its imports from those countries;
- for the first time since their transition to market economies began, the countries

Continued on page 2
World trade

(Continued from page 1)

in Central and Eastern Europe (as a group) reported increased volumes of exports and imports in 1992;

- while current forecasts of a modest pick-up in the world economy foresee trade growth above 4½ per cent this year, the slow-down in the second half of 1992 and the uncertain outlook for economic growth in much of Western Europe and Japan suggest a downside risk for trade performance.

The following are excerpts from the GATT report:

Overview and outlook

The growth of world production and trade accelerated last year for the first time since 1988, stimulated by the economic recovery in North America and the sustained strength of import demand in Latin America, the Middle East and non-OECD Asia. At 4½ per cent, the expansion in the volume of merchandise trade was considerably faster than the 3 per cent gain recorded the previous year and close to the average for the past decade (see chart). World output growth also picked up, but remained well below the average since the 1982 recession. The reversal of the economic slowdown that began in 1989 - and in particular the brisk expansion of world trade - were bright spots in a year otherwise largely weak economic trends in key parts of the global economy.

Boosted by faster volume growth, the value of world merchandise trade expanded by 5½ per cent last year, to $3.7 trillion. On the basis of the limited data currently available, preliminary estimates point to an increase of 8 per cent in world trade in commercial services in 1992, to $960 billion. Last year was the fourth consecutive year in which the value of trade in commercial services - which include transportation, tourism, telecommunications, insurance, banking and other professional services - expanded more rapidly than trade in merchandise. Factors behind the growth of services trade last year include the stimulus to trade in travel and transportation services from the economic recovery in North America and the rebound from the effects of the Gulf War.

World trade's role in moderating the slowdown in global economic activity since 1989 is readily apparent from the large gap between the trade and output growth rates shown in the chart. Although trade growth declined, the slowdown was proportionately much less pronounced than for output, and - especially in 1991 and 1992 - trade growth has been by historical standards exceptionally strong relative to output growth.

The recent excess of trade growth over output growth is both the result of recent developments and of ongoing longer-term changes in the world economy. A rising share of manufactures in world trade (manufactures are traded more intensively than most other products), the stimulus to trade in components from closer investment ties, and technological advances in communications and transportation that reduce the "economic distance" between countries are well known examples of the longer-term developments. More recent developments include,

- the unification of Germany (in 1991 German import demand grew more than ten times faster than output);
- imports into the Middle East sustained a rise in consumption while the region's overall output stagnated during the Gulf War in 1991;
- the relatively sharper impact on world output than on world trade of last year's pronounced decline in economic activity in Central and Eastern Europe and the former USSR (the weight of this region in world GDP calculations is much larger than its weight in world trade);
- the booming re-export trade between Hong Kong and China, whose impact on trade far exceeds the impact on output growth; and
- the strong growth of imports into North America as the economic recovery took hold (in 1992 import volume increased five times faster than output) and into Latin America in 1991 and 1992 as a result of, among other developments, economic restructuring and a greater openness to trade.

Leading exporters and importers in world merchandise trade, 1992

(Billion dollars and percentage)

<table>
<thead>
<tr>
<th>Rank</th>
<th>EXPORTERS</th>
<th>Value (fob)</th>
<th>Share 1991</th>
<th>Share 1992</th>
<th>%change</th>
<th>IMPORTERS</th>
<th>Value (c.i.f.)</th>
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*Includes re-exports. Includes substantial imports for re-export. Includes re-exports. Includes estimates of trade flows through processing zones.

"Trade has been a source of relative strength in an otherwise mostly weak economic environment, especially for slow-growth countries..."
Outlook for 1993

As 1992 came to an end, earlier forecasts for output and trade growth in 1993 were revised downward. While the revised figures still foresee an increase in global growth rates relative to 1992, the recovery is expected to be modest and the overall figures mask important areas of little or no growth, most notably a large part of Western Europe - including Germany (where a decline in GDP is now forecast), France and Italy - and Japan. If the forecasts of a modest pick up in world economic growth in 1993 turn out to be correct, it is plausible to expect an expansion of world trade in real terms at least equal to the 4½ per cent recorded last year.

That being said, there is a widely-shared perception that much of the risk is on the downside. Among the principal concerns is the fact that the trade expansion in the second half of 1992 was below the average for the year as a whole, which means that trade growth must accelerate moderately in the course of 1993 in order for the year-over-year gain to at least match last year’s 4½ per cent increase. This may be difficult to achieve given the absence of strong demand growth in major economies, especially for slow-growth economies. The risks which trade frictions pose for the current economic recovery are therefore even greater than usual. Second, the opportunity to implement a major trade liberalization and an extension of the rules safeguarding market access has added advantages when the world is searching for ways to give a non-inflationary stimulus to output and employment. In this context, the failure of governments to seize the opportunity provided by the Uruguay Round, especially when the results are so close at hand, adds to uncertainty in the private sector and makes recovery harder to achieve.

Merchandise trade in 1992 by region and country

Volume developments

The regional pattern of trade growth in 1992 was shaped by the divergent trends in economic activity among the regions. North America’s recovery, centered in the United States, lifted the region’s demand for imports in volume terms by nearly 10 per cent. Export growth also increased, boosted by the recovery in intra-North American trade and the import boom in Latin America. In spite of the slowdown last year in Japan and other Asian economies, Asia’s trade performance - on both the import and export side - remained well above the world average. Important factors behind the continued strength include the recovery in North America (a key market for many Asian traders) and the rapidly expanding exports and imports of China and Hong Kong. The pattern of export growth among the regions was somewhat more balanced, as exports from the slower growing regions benefited from demand in the rest of the world.

As the growth of demand slowed and then turned negative in Germany in the course of last year, import growth declined from the 13 per cent recorded in 1991 to 2 per cent. Together with absolute declines of imports into Sweden, Switzerland and Finland, this was a key development behind the slower growth of Western Europe’s overall import demand last year. In spite of the sluggish growth of intra-West European trade, the region’s exports were sustained by the recovery in North America and the import boom in Latin America and the Middle East, the recovery of exports to Asia, and the continuing demand for West European products in Central and Eastern Europe.

For the region composed of Central and Eastern Europe and the republics of the former USSR, last year was the third consecutive year of declining trade volumes. All of the decline, however, was due to the trade of the former USSR, which continued to fall sharply. In contrast, expanding trade with the West made 1992 the

<table>
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<tr>
<th>Region</th>
<th>1991 Annual change</th>
<th>1992 Annual change</th>
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<td>World</td>
<td>4%</td>
<td>2%</td>
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<tr>
<td>North America</td>
<td>7%</td>
<td>7%</td>
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<tr>
<td>Latin America</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>EC</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>EFTA</td>
<td>-4%</td>
<td>-1%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe and CIS</td>
<td>-33%</td>
<td>-7%</td>
</tr>
<tr>
<td>Africa</td>
<td>-3%</td>
<td>-5%</td>
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<td>China</td>
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*Figures are affected by difficulties in converting data expressed in national currencies into dollars.

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first year since the start of the transition to market economies in which the countries in Central and Eastern Europe as a group reported increased export and import volumes.

**Value developments**

While the broad outlines of regional trade developments in 1992 are the same when the analysis shifts from trends in the volume to trends in the value of merchandise trade, a wider range of data is available. Among the 25 leading exporters and importers in world merchandise trade, China and Hong Kong recorded the strongest expansion in the value of trade last year. The modest decline in the value of Japan’s imports, in contrast, was a factor in France’s move into third place among the world’s leading importers for the first time since 1987.

Latin America’s import expansion - triple the world average - was again centered in Mexico and Argentina. Mexico’s imports from and exports to the United States through the *maquiladoras* (border processing zones) rose sharply, but its overall export growth was slowed by lower earnings from fuels. Imports into Argentina rose 80 per cent in 1992, with imports from within the region doubling. Intra-regional trade expansion was also behind the nearly 15 per cent rise in Brazil’s exports (shipments to Argentina doubled), while its imports fell due to domestic recession.

Business cycle effects were also prominent in the evolution of Western Europe’s trade in 1992. Imports from Africa and the Middle East were down, depressed by sluggish demand for imported fuels and other commodities, and imports from Latin and North America were also down. The growth of imports from Asia slowed, but Western Europe’s exports to Asia rebounded from the small decline in 1991.

For Central and Eastern Europe, 1992 marked a continued recovery in trade, with the ongoing reorientation of trade towards Western Europe offsetting declining trade with members of the former CMEA. Western Europe’s imports from Central and Eastern Europe, up an estimated 20 per cent in 1992, continued to be concentrated in the traditional categories of food, steel and clothing. Exports to Central and Eastern Europe increased 24 per cent, stimulated by the region’s need for machinery to retool domestic industry, and food and other goods to satisfy consumer demand. Although preliminary figures suggest the margin of excess was smaller than in 1991, Western Europe’s exports to Central and Eastern Europe once again expanded faster than imports from those countries, confirming that the transition to market economies has increased export opportunities for many of the reforming countries’ trading partners.

Exports of the Russian Federation (which accounted for roughly three-quarters of the exports of the former USSR) were down sharply in all major product categories apart from fuels. Its trade continued to shift to the West and away from traditional CMEA trading partners, with the result that the OECD countries now account for more than one-half of the Federation’s total trade.

Export earnings of most fuel exporters in the Middle East, Africa and other regions declined in response to moderate price declines and weak or negative volume growth. Prices of metals and minerals were down, reflecting expectations of a slow recovery in the world economy in 1992 and 1993. Tropical beverage prices were severely depressed for most of 1992 due to the partial withdrawal of the CIS as a large customer and the uncertainty over the arrangements for trade in cocoa and coffee, but recovered somewhat at the end of the year on lower-than-expected production volumes.

**Current account imbalances in the five leading traders**

Measured in dollars, the current account imbalances of four of the five leading traders widened in 1992. The onset of recession in Japan was largely responsible for the increase in Japan’s current account surplus to a record $118 billion. In the United States, the economic recovery raised the merchandise trade deficit, and the resulting increase in the current account deficit, from $4 billion to $62 billion, reversed four years of declining deficits. The recovery of import demand in the United Kingdom contributed to an increase in the current account deficit from $11 to $21 billion. Although the onset of recession in Germany in the second half of 1992 reduced import growth sharply, the current account deficit rose from $20 to $25 billion due to an increased deficit on trade in commercial services and a decline in the surplus on investment income. France, alone among the leading traders, reported a move from deficit to virtual balance in the current account.

When considering recent current account developments, it is important to keep in mind that the widening of last year’s current account imbalances is to a large extent the result of the divergent trends in economic activity in 1992. Relating the imbalances to GDP provides an even better perspective since it eliminates most of the effects of inflation and changes in exchange rates, and adjusts for the fact that a current account imbalance of a given size declines in significance as GDP expands. Last year’s imbalances clearly are much smaller relative to GDP than was the case five years ago. More generally, it is evident that on this basis the current account imbalances of four of the five leading traders in 1992 were considerably smaller than in most other years since the early 1980s. Although Japan’s surplus as a share of GDP increased for the second consecutive year, it remained below the levels recorded during the three years 1985-87.

**The Single Market**

The entry into force on 1 January 1993 of the single market for goods and services within the European Communities brings the international community closer to the point at which a decision may be taken to no longer count intra-EC trade as part of world trade. By way of illustrating how the ranking of leading traders would be affected, the lower part of the table below indicates which traders would have been among the top ten in 1992 if the international community had decided to exclude intra-EC trade from world trade and to treat the EC as a single trading entity. Not surprisingly, the changes are dramatic. The EC is in the top spot, ahead of the United States, and four low and middle-income traders from Asia, plus Switzerland, move into the top ten. Removing intra-EC trade also lowers world merchandise exports from $3.7 trillion to $2.8 trillion, and causes the share of non-OECD countries in the total to rise from 30 to 40 per cent. Since intra-EC trade expanded more slowly than world trade in 1992 in volume terms, excluding intra-EC trade raises the growth rate of world merchandise trade in 1992 from 4½ to 5 per cent.

*Includes substantial re-exports.*

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<tr>
<th>Exporter</th>
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<td>2. United States</td>
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<td>10. Singapore</td>
<td>64</td>
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</table>

- Ten leading exporters (EC treated as single trader, and intra-EC trade excluded)
At the 24 March meeting of the Council, the European Community asked for a panel to examine US taxes on automobiles, which it claimed discriminated against imported cars.

The Community complained that a very high proportion of the revenues generated by three taxes imposed by the United States on automobiles fell on imported cars, and that these taxes constituted a discrimination against imports in violation of GATT Article III (National Treatment on Internal Taxation and Regulation). It said the Corporate Average Fuel Efficiency (CAFE) payment, a penalty paid by a car manufacturer or importer if the average fuel economy of their cars fell below a certain level (presently 27.5 miles per gallon), worked to the disadvantage of limited-line car producers such as many of the European car makers. The EC charged that the incidence of another US tax, the so-called gas-guzzler tax, fell overwhelmingly on imported vehicles. A luxury tax on cars worth over US$30,000, according to the Community, had struck more than half of all European cars exported to the United States.

The EC said that these charges and taxes were illustrative of a new kind of protectionist measure that appeared to be proliferating, namely, domestic regulation that was aimed at having a particular impact on imported products. Consultations under Article XXIII:1 with the United States on these taxes held in July and September 1992 had not led to a solution. The Community therefore requested a panel to examine whether the US taxes were contrary to the national treatment provisions of the General Agreement.

Sweden said that its automobile exports to the United States were also being affected by the US measures, and supported the EC request.

The United States said it was not prepared to accept the establishment of a panel at this Council meeting, and suggested further talks with the Community.

**US anti-dumping and CVD actions under renewed fire**

Brazil noted that at the February meeting, some 35 GATT members spoke against preliminary anti-dumping and countervailing duties recently imposed by the United States on steel products. It said that bilateral consultations with the United States after the meeting had not allayed its fears. Brazil reported that further determinations by the United States had continued to proliferate, and one recent case involved Brazilian lead and bismuth bars. Furthermore, a group of US pipe and tube producers had started lobbying for duties to be applied on steel products not covered by the existing duties. Under the circumstances, Brazil said no significant progress could be made in the negotiations of a multilateral steel agreement (MSA). It pointed to the political and economic risks of a "beggar-thy-neighbour" course in international trade. Brazil said it was encouraged by President Clinton’s recent reference to a US commitment to trade liberalization, and hoped this message would be translated into action at all levels of the US Administration.

The EC said it continued to consider the US actions to be unwarranted, out of proportion, and unhelpful to the present economic environment. It reported it had started consultations with the United States on this matter under the Tokyo Round Agreements.

Sweden, speaking on behalf of the Nordic countries, said that delegations at the previous meeting had sent a clear message to Washington: the massive US action was excessive and unwarranted. It complained that the US investigating authorities had disregarded information submitted by Swedish and Finnish companies, leading to duties against Sweden of nearly 28 per cent, and of anti-dumping duties against Finland as high as 53 per cent. These measures had already effectively cut off all exports of the affected products to the United States. Sweden stressed that a multilateral agreement, and not a massive unilateral action, was the only viable long-term solution to the global problems facing the steel industry.

Korea said that apart from what it called the chilling effects of the US action on the steel trade, more than US$300 million of its steel exports had been put into jeopardy by the US Department of Commerce’s requirement for posting of cash or bonds equivalent to the amount of the provisional duties. It urged the United States to conduct the investigations in a GATT-consistent manner, and hoped for more progress in the MSA negotiations.

Argentina, Austria, Australia, Canada, Japan and New Zealand also reiterated their concerns over the US measures.

The United States said the preliminary duties were not the brainchild of the Administration: they were the result of a quasi-judicial process started by petitions filed by US steel producers. It noted that a recent article in Newsweek had pointed out that all steel-producing regions in the world had a surplus of production, except for one: North America. The world’s surplus steel production of 70 million tonnes had nowhere else to go but to the US market, indicating that structural problems in the steel sector lie not in the United States but elsewhere.

The United States said the investigations were continuing. The Department of Commerce would make its final anti-dumping and countervailing duty determinations on 21 June and the International Trade Commission would make its final injury determinations during early August. The preliminary determinations could still be overturned, the United States stressed, citing a recent finding by the International Trade Commission that imports of steel rail from the United Kingdom were not causing injury to domestic producers despite the dumping margin having been established at 70 per cent. It suggested that the countries concerned pursue consultations on this matter under the appropriate Agreements, as the Community and Brazil had done.

**EC to consult on incoming banana regime**

The Council Chairman, Ambassador András Szepesi (Hungary), announced that the European Community had agreed to formal Article XXII consultations with Colombia, Costa Rica, El Salvador, Nicaragua and Venezuela on the incoming EC regime on imported bananas (Regulation on the single Common Market organization for bananas adopted by the EC Agriculture Council in February). The EC had rejected earlier such consultations.
Costa Rica, speaking on behalf of the five Latin-American countries, reported that they had held, on 22 March, their first round of consultations with the Community on the incoming banana regime. It stressed the urgency of the matter, pointing out that the EC measure would come into force in July.

On the existing EC banana regime, Costa Rica said that the composition of the panel had been already announced by the GATT Director-General. It added that in their consultations with the EC on the current banana regime, it had been agreed that certain ACP states would participate in the panel as interested third parties. Costa Rica noted that the 1966 Decision on disputes involving developing countries, under which the panel was established, did not refer to participation by third countries.

Brazil said it was disturbed by the what it saw as pressure exerted on the five Latin-American countries to include third parties in the panel process. Chile, Argentina, Panama, Bolivia and Uruguay echoed Brazil's concern.

Jamaica asked why the rights of the ACP states to participate in a matter where their very future was at stake should be put under question. In this dispute, the actual respondents were the ACP states because the Community was just protecting their rights under the Lomé Convention. Thus, the case did not involve a clear-cut developing-versus-developed contracting party dispute envisaged in the 1966 Decision. Jamaica proposed that instead of a panel, a working group that would conclude its work in time for the results to be incorporated in the Final Act of the Uruguay Round, would be a more appropriate procedure in this case. Côte d'Ivoire, Trinidad and Tobago, Cameroon and Madagascar shared Jamaica's views.

The Council agreed to revert to the matter at a future meeting.

US Andean Trade Preference Act

In March 1992, the Contracting Parties granted a waiver to the United States to implement its Andean Trade Preference Act (ATPA). A month earlier, the Council had established a working party to examine the arrangement. The ATPA's current beneficiaries are Bolivia and Colombia; the United States is still considering the extension of ATPA's benefits to Ecuador and Peru.

The Chairman of the Working Party, Ambassador William Rossier (Switzerland), presented the report to the Council. He noted that there was widespread support for ATPA's objective of fighting the production, processing and trafficking of narcotics by encouraging the expansion of trade in legitimate products. However, several members reiterated their general position that waivers should be granted after examination by a working party. Several members also expressed concern over a number of non-trade criteria used in determining the designation of eligible countries. TheWorking Party noted with appreciation the commitment by the United States to consult with GATT members on any difficulty that might arise as a result of ATPA's implementation.

The United States welcomed the report of the Working Party and urged its adoption. Colombia and Bolivia said that the ATPA represented international cooperation to fight a major world problem. Australia and New Zealand supported the adoption of the report but stressed that as a matter of principle, waivers should be granted only after a working party examination. Ecuador said the exclusion of certain countries in the ATPA coverage was unfair.

The Council adopted the report.

US restrictions on Brazil's suits

The Director-General recalled that at the previous meeting, Brazil had asked his "good offices" to help find a solution to its dispute with the United States over US restrictions on imports of men's and boys' wool suits from Brazil (see previous Focus). As a first step, he had urged the two parties to engage in further talks. These contacts had not yet led to a solution, and he intended to pursue the matter in a timely and constructive manner.

Brazil said it continued to be prejudiced by the US inaction on the recommendations of the Textiles Surveillance Body on this dispute, putting in doubt the usefulness of the Multifibre Arrangement's surveillance system. It hoped that the good offices efforts of the Director-General would result in a prompt solution of this dispute.

The United States reported that it had had several discussions with Brazil on this matter in Washington. It expressed willingness to continue the consultations on an urgent basis.

BOP report on the Philippines

The Chairman of the Committee on Balance-of-Payments Restrictions, Mr. Peter Witt (Germany), presented a report on the Committee's full consultations with the Philippines held on 18-19 February. He noted that the Committee had requested the Philippines to notify, by tariff line, all remaining restrictions maintained for BOP purposes. The Committee looked forward to an announcement by the Philippines of a time schedule for the removal of such restrictions. The Philippines was also asked to consider the disinvocation of Article XVIII:B.

The Council adopted the report.

"Other Business"

- Chile reported that an EC Regulation, published on 20 February, would establish special surveillance of apples from third countries. It suspected that behind this measure was an intention to administer a quota, and expressed concern that the EC would again impose restrictions found to be GATT-inconsistent by a panel (see Focus No. 63). A number of other countries shared Chile's concern. The EC said it had taken good note of the concerns expressed.

- The Chairman reported on developments in a dispute between the ASEAN countries and Austria (see Focus No. 95). He said that the Austrian Parliament recently had amended the federal law on labelling and quality marks on tropical timber that had been the subject of the ASEAN complaint. Mandatory labelling for tropical timber had been abolished, and the use of a quality mark for timber and timber products from sustainable forest development had been made voluntary.
On 29-30 March, the Council examined Bolivia’s trade policies under the Trade Policy Review Mechanism. The following are excerpts from the Chairman’s summary of the discussions:

In his opening statement, the representative of Bolivia said that the New Economic Policy, introduced in 1985, had stabilized the economy and given it an outward-oriented direction. Inflation was dramatically reduced and was now under control; it was expected to be brought below 10 per cent in 1993. Since 1987, positive growth rates, now in the order of 4 per cent, had been achieved.

Trade liberalization and rationalization of trade policy measures, based on the principle of neutral sectoral protection, marked the abandonment of import-substitution policies. This had been carried out despite deteriorating terms of trade. Non-tariff measures had been eliminated; tariffs had been unified and reduced. Export promotion incentives were limited to non-traditional goods and subsidies had been abolished; export documentation and procedures had been simplified; and free-trade zones had been created. In the context of GSP treatment, the United States and the EC had expanded the coverage of their schemes for Bolivia. Renewed emphasis was being given to regional trade agreements, the intensification of preferential treatment within the Andean Group and the conclusion of new agreements with some LAIA partners. As the economy had opened up, there had been an increase in imports and a widening of the trade deficit, but the overall balance of payments was healthy. At the same time, the export structure had been diversified and the payment was healthy. At the same time, the trade deficit, but the overall balance of payments was healthy. At the same time, the trade deficit, but the overall balance of payments was healthy. At the same time, the trade deficit, but the overall balance of payments was healthy.

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Bolivia’s move towards greater regional integration was also welcomed. Participants stressed that such moves should be fully consistent with, and notified to, GATT and should not lead to diversion of trade.

The difficulties created by the role of the coca-cocaine sector in the Bolivian economy were recognized. Information was sought on the size of the sector and details of the eradication programme underway.

A number of participants emphasized that the international trading community had a responsibility to support Bolivia’s reforms and help the country realize the benefits of its restructuring. Declining terms of trade, reflecting falling export prices for minerals and agricultural products, inhibited the scope for diversification and expansion of exports.

Concerns

While welcoming Bolivia’s liberal trade policies, participants expressed concerns on the following issues:

- the gap between the levels of bound and applied tariff rates;
- the number of, and high overall level of protection afforded by, internal taxes and additional charges;
- the discriminatory implementation of the Specific Consumption Tax on certain items;
- discrimination in the application of railway freight charges which, given the landlocked nature of the country, increased importers’ costs considerably and appeared inconsistent with the national treatment provisions of Article III of GATT;
- the lack of uniform and transparent rules in government procurement;
- certain features of the new anti-dumping and countervailing measures legislation, such as the GATT consistency of the provision for 10 days’ import suspension; whether there was a sunset clause; and the participation of the private sector in the decision making process.

Bolivia’s reply

In reply, the representative of Bolivia discussed macro-economic issues, trade policy and responded to a number of specific questions. He said that recent data showed that the impact of coca-cocaine on the economy had declined considerably in recent years because of the Alternative Development Programme, the eradication programme and falling prices. Gross exports of the coca-cocaine economy had now fallen to between 31 and 38 per cent of legal exports; and only one-third of the revenue generated was retained in Bolivia. Thus, any repercussions on the real exchange rate and on resource allocation had been significantly diminished.

Turning to trade policy, the representative provided detailed information on Bolivia’s public procurement policies. He noted that the ratification of Bolivia’s adherence to the Customs Valuation Code
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definitive anti-dumping duties on imports of polyacetal resins (used as, or in, plastics) from the United States and Japan following affirmative findings of dumping and injury concerning these imports. The issue, brought by the United States to the panel, was the affirmative determination of injury made by the Korean Trade Commission (KTC) in the investigation which had led to the imposition of the anti-dumping duties.

The panel concluded that KTC’s determination of injury was inconsistent with certain provisions of the Anti-Dumping Code. It recommended that Korea be requested bring its measure (the imposition of anti-dumping duties on the US product) into conformity with the Code.

Another new panel report, that on US imposition of anti-dumping duties on imports of fresh and chilled Atlantic salmon from Norway, was presented to the Committee. The panel concluded that the United States had acted inconsistently with its obligations under Article 2:4 and Article 2:6 of the Anti-Dumping Code. It recommended that the United States be requested to reconsider the affirmative final determination of dumping, consistent with the panel’s findings, and to take such measures as may be warranted in the light of that reconsideration.

Norway challenged a number of technical interpretations made by the panel. The United States said that despite some doubts, it would permit adoption and implement the recommendations. The Committee agreed to reverse this report at a future meeting.

Subsidies Committee
The Committee on Subsidies and Countervailing Measures, on 28-29 April, considered two new panel reports.

- Norway/US: US countervailing measures on fresh and chilled Atlantic salmon. The panel concluded that the imposition by the United States of the countervailing duty was not inconsistent with the provisions of the Subsidies Agreement. In objecting to the report, Norway warned against implications of the panel report on GATT and Code standards on countervailing duty proceedings. The United States also expressed some reservations but urged Norway to join it in not standing in the way of the report’s adoption.

- Canada/US: US countervailing measures on imports of softwood lumber from Canada. The panel had two conclusions: the US interim countervailing measures, announced on 4 October, were inconsistent with the Code; the US self-initiation of a countervailing duty investigation on the same products, on 31 October 1991, was not in violation of the requirements of the Code. Canada and the United States expressed concerns over different aspects of the report.

The Committee decided to revert to these two reports at a future meeting.

The EC requested the Committee to conciliate its dispute with the United States over US definitive and preliminary countervailing duties on certain steel products from EC member states. It said the US methodology for calculating subsidies contravened Code provisions. The US stressed the investigations were still ongoing, and that they were following the Code requirements. The Committee urged both parties to find a mutually satisfactory solution to this dispute.

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the General Agreement. Dominica’s main industries are agriculture (chief crops: bananas, citrus fruits and coconuts) and tourism.

On 15 April 1993, the Czech Republic and the Slovak Republic acceded to the GATT. These two countries were part of the former Czechoslovakia, which was one of the 23 founder members of the GATT in 1947.

On 8 April 1993, Saint Lucia became a contracting party under the terms of Article XXVI:5(c) of the General Agreement. Saint Lucia’s main industries are agriculture, tourism and manufacturing.

These four accessions bring to six the number of countries that have become GATT members since the beginning of the year. Mali and Swaziland acceded in January and February, respectively. Working parties are examining the membership applications of Algeria, Bulgaria, Chinese Taipei, Ecuador, Honduras, Mongolia, Nepal, Panama, Paraguay and Slovenia. There is also a working party on China’s status as a contracting party.

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Bolivia
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was before Parliament. Accession to other Codes would be considered in the light of the Uruguay Round agreement. In its accession to GATT, Bolivia had made a number of commitments which were considered part of its Uruguay Round offer, and these had been supplemented by further offers, conditional on satisfaction of bilateral requests. Bolivia hoped to obtain improved market access in a contractual, enduring and predictable manner. Bolivia’s participation in the Andean Pact and the LAIA were to be perceived as liberalization within the framework of the multilateral system; these had been notified to the Committee on Trade and Development under the Enabling Clause. Bolivia reaffirmed its commitment to the international trading system.

Conclusion
The Council welcomed the importance attached by Bolivia to an open multilateral trading system and Bolivia’s strong commitment as a participant in the Uruguay Round process. It recognized the major economic reforms Bolivia had undertaken, which had already shown tangible and, in some cases, dramatic results in terms of price stability, economic growth and external viability. It acknowledged that Bolivia’s ability to sustain and expand its liberalization and reform would be greatly facilitated by a supportive external economic environment, and particularly by a successful conclusion to the Uruguay Round.