

Trade Policy Review Body

TRADE POLICY REVIEW MECHANISM

Report of the Trade Policy Review Body for 2005

Chairperson: H.E. Mr. Don Stephenson (Canada)

1. The Trade Policy Review Mechanism (TPRM) was established in 1989 on a provisional basis and confirmed by Annex 3 of the Marrakesh Agreement establishing the WTO. Since then the Trade Policy Review Body (TPRB) has twice appraised the operation of the TPRM.¹ The second appraisal, conducted in 2005, found that the TPRM functioned effectively and that its objectives, as defined in Annex 3, were being achieved. The appraisal also introduced a number of procedural improvements, subsequently incorporated in revised Rules of Procedure for Meetings of the TPRB², thus continuing a process by Members of keeping the Mechanism under frequent review.

2. This Report by the Trade Policy Review Body provides a brief assessment of the TPRM, and reports on the reviews of Members conducted in 2005. Tables are annexed showing the Members reviewed up to the end of 2005, the geographical coverage of the reviews conducted to date, as well as the proposed programme of reviews for the year 2006.

Objectives of the TPRM

3. Annex 3 of the Marrakesh Agreement states the objectives of the TPRM as: "to contribute to improved adherence by all Members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members".

4. In this regard, the TPRM is required to periodically review the trade policies and practices of all Members. By the end of 2005, the TPRM will have conducted 212 reviews since its formation (Annex I). The reviews have covered 123 of 148 Members, representing almost 90% of the share of world trade. The trade policies and practices of four Members will have been reviewed for the first time during 2005.³

5. The Trade Policy Review Body will have conducted 15 reviews in 2005 (Annex II). The Secretariat reports for the reviews of Guinea and Mongolia were prepared with the assistance of consultants, under the close supervision of Secretariat staff. Dutch and German financing in support of TPRs proved invaluable in preparing the reviews of Guinea, Mongolia, and Sierra Leone.⁴ The Secretariat's reports continue to be prepared in close consultation with the authorities of the Member under review.

¹ WTO document WT/MIN(99)/2, 8 October 1999, and WT/MIN(05)1, 21 September 2005

² WTO document WT/TPR/6/Rev.1.

³ These are Ecuador, Mongolia, Qatar, and Sierra Leone.

⁴ The Kingdom of the Netherlands and the Federal Republic of Germany make financing available under the DDA Global Trust Fund to undertake reviews of the "poorest and most vulnerable" countries and to facilitate the trade-policy review process to better adapt to the requirements of these countries.

6. Procedures for the reviews conducted in 2005 have generally run smoothly. Responses to requests for documentation and questionnaires have normally been provided at or close to the requested dates. In line with recent practice, the Secretariat has attempted to reduce the burden on Members under review of providing responses by using, to the extent possible, alternative sources of documentation, including Members' official web-sites or other authentic sites on the Internet. It has not been possible to do this for all Members under review, and requests for documentation continue to be followed up with a detailed questionnaire when sufficient information is not available from alternative sources. Secretariat visits to capitals have continued to be productive, and comments provided on Secretariat drafts have been pertinent; close contact with the Member under review is necessary to help ensure the factual accuracy and clarity of the documentation prepared for the Review. The result is that the quality, content, and style of the reviews has been maintained.

7. The reviews conducted in 2005 were relatively evenly spaced throughout the period, reducing pressure of preparation on the Membership for review meetings at close intervals. The reviews of Djibouti, Malaysia, and Togo were prepared but had to be delayed, due to scheduling conflicts and elections, to early 2006. Efforts also continue to be made to avoid clashes with other meetings at the WTO; nevertheless, clashes do happen.

8. The Trade Policy Review programme for 2006 comprises 18 review dates for 20 Members. These will be of:

- China and the United States on the two-year cycle;
- Chinese Taipei; Hong Kong, China; and Malaysia on the four-year cycle;
- Argentina, Congo, Iceland, Israel, Kenya (in a joint review with Tanzania and Uganda), Kyrgyz Republic, Nicaragua, the United Arab Emirates and Uruguay on the six-year cycle; and
- six least developed countries: Angola, Bangladesh, Djibouti, Tanzania, Togo, and Uganda.

9. The TPRB intends to continue to provide an evenly spaced programme of reviews in 2006, thereby avoiding a concentration of reviews and delays that have occurred in the past.

Value of the TPRM

10. As envisaged in Annex 3, the TPRM continues to be a valuable forum for achieving transparency in, and understanding of, the trade policies and practices of Members, thus contributing to the smoother functioning of the multilateral trading system. It provides a forum in which Members may openly discuss and provide an objective analysis of each others' trade policies and practices. The reports prepared by the Secretariat provide a factual and independent review of the trade policies and practices of individual Members under review and are, in general, appreciated by both the Member(s) under review and the overall Membership. By providing an overall picture of the institutional interaction in trade policy formulation and implementation and the effect of policies on different sectors, the reports have also served as an input to trade policy formulation in some cases. In addition, several developing and least developed country Members have found the reviews valuable in highlighting their infrastructural constraints and technical assistance needs.

11. While carrying out an assessment of the Members' trade policies and practices, the review process also discusses the economic impact of trade measures, and places the trade and economic regimes of individual Members within the broader context of developments in their region. Given the growing importance of regional trade agreements and groupings, the analysis in the reports has proved useful in discussing the wider impact of recent economic developments in certain regions, as well as the more general question of the impact of regionalism on the multilateral trading system.

Points emerging from the 2005 reviews

12. While each review highlights the specific issues and measures concerning the individual Member, certain common themes emerged during the course of the reviews conducted in 2005. These included:

- transparency in policy-making and implementation;
- economic environment and trade liberalization;
- implementation of the WTO Agreements;
- regional trade agreements and their relationship with the multilateral trading system;
- tariff issues, including peaks, escalation, preferences, rationalization and the gap between applied and bound rates;
- customs clearance procedures;
- import and export restrictions and licensing procedures;
- the use of contingency measures such as anti-dumping and countervailing duties;
- technical and sanitary measures and market access;
- standards and their equivalence with international norms;
- intellectual property rights legislation and enforcement;
- government procurement policies and practices⁵;
- state involvement in the economy and privatization programmes;
- trade-related competition and investment policy issues;
- incentive measures such as subsidies and tax forgone;
- sectoral trade-policy issues, particularly liberalization in agriculture and certain services sectors;
- GATS commitments;
- special and differential treatment, including market access and implementation, particularly for customs valuation, TRIPS and TRIMs; and
- technical assistance in implementing the WTO Agreements and the experience with the Integrated Framework.

Coverage of least developed countries (LDCs)

13. The Trade Policy Review Body's Report to the Singapore Ministerial Meeting suggested that greater attention be paid to the coverage of LDCs in the preparation of the TPRB timetable, and the 1999 Appraisal of the operation of the TPRM also drew attention to this matter. The TPRB has continued to review a steady number of least developed Members. Of the 32 least developed Members of the WTO, 23 will have been reviewed by the end of 2005⁶; two of these were reviewed in 2005.⁷

14. Trade Policy Reviews of LDCs have increasingly performed a technical assistance function and have been useful in increasing understanding of the trade policy structure in place and its relationship with the WTO Agreements. The reviews have also enhanced understanding in these countries of the WTO Agreements, enabling better compliance and integration in the multilateral trading system; in some cases, better interaction between government agencies has been facilitated by

⁵ This has been discussed even in cases where Members are not party to the plurilateral Agreement on Government Procurement.

⁶ The least developed countries reviewed since the establishment of the Mechanism are: Bangladesh (twice), Benin (twice), Burkina Faso (twice), Burundi, Gambia, Guinea (twice), Haiti, Lesotho (twice), Madagascar, Malawi, Maldives, Mali (twice), Mauritania, Mozambique, Niger, Rwanda, Senegal (twice), Sierra Leone, the Solomon Islands, Tanzania, Togo, Uganda (twice), and Zambia (twice).

⁷ These were Guinea and Sierra Leone. The least developed country Members of the WTO yet to be reviewed are: Angola, Cambodia, Central African Republic, Chad, Democratic Republic of Congo, Djibouti, Guinea-Bissau, Myanmar, and Nepal. Angola and Djibouti are scheduled for review in 2006.

the reviews. The reports' wide coverage of Members' policies also enables Members to identify any shortcomings in policy and specific areas where further technical assistance may be required.

15. Since 2000, the preparation of reviews of LDCs has responded more systematically to technical assistance needs. The review process for an LDC now includes a two-to-three-day seminar for its officials on the WTO and, in particular, the trade policy review exercise and the role of trade in economic policy; such seminars have been held during 2005 for the review process of Angola, Djibouti, Tanzania, and Uganda; in addition, similar exercises were conducted in the preparation of the reviews of other Members, including China, Chinese Taipei, Congo, Ecuador, Kenya, Nicaragua and the United Arab Emirates. The Secretariat Report for an LDC review includes a section on technical assistance needs and priorities, as identified in cooperation with the Member concerned, with a view to feeding this into the Integrated Framework process. The seminars and the technical assistance section in the Secretariat reports involve close cooperation with the WTO's Development Division and Institute for Training and Technical Cooperation Division.

Conclusion

16. The Trade Policy Review Mechanism provides a forum in which Members discuss each others' trade policies in a transparent and frank manner. The forum is unique in that the separation of the TPRM from the compliance and dispute settlement aspects of WTO work allows an open debate. The 15 reviews conducted in 2005 have been satisfactory, and have met deadlines agreed with the Members. The reviews have been relatively evenly spaced throughout the period, giving adequate time to Members to prepare for the meetings. The discussants have continued to play a very useful role in assisting the discussion during the reviews. The programme for 2006, similarly, aims to avoid delays and concentration of reviews.

17. The TPRM continues to function effectively in meeting its transparency goals. However, as the Membership of the WTO increases, the pressure on the TPRB to review more Members grows. This, and the limited resources available to the Secretariat to prepare the reviews, makes it important to keep the Mechanism functioning as effectively as possible within these constraints. In particular, continued cooperation between Members and the Secretariat in preparing the reports is essential, as is the respect of deadlines, in order to maintain the standard and quality of the reports, and in the successful reviews of Members by the TPRB.

Annex I

**TRADE POLICY REVIEWS
WTO Members reviewed, 1989-2005**

Europe/Middle East	Asia/Pacific	Africa	America
Austria ¹	Australia (4)	Benin ^b (2)	Argentina (2)
Bahrain	Bangladesh ^b (2)	Botswana ³ (2)	Antigua and Barbuda ⁴
Bulgaria	Brunei Darussalam	Burkina Faso ^b (2)	Barbados
Cyprus ⁵	Fiji	Burundi ^b	Belize
Czech Republic ⁵ (2)	Hong Kong, China (4)	Cameroon (2)	Bolivia (3)
European Communities (7)	India (3)	Côte d'Ivoire	Brazil (4)
Finland ¹	Indonesia (4)	Egypt (3)	Canada (7)
Hungary ⁵ (2)	Japan (7)	Gabon	Chile (3)
Iceland (2)	Korea, Rep. of (4)	Gambia ^b	Colombia (2)
Israel (2)	Macau, China (2)	Ghana (2)	Costa Rica (2)
Liechtenstein ² (2)	Malaysia (3)	Guinea ^b (2)	Dominica ⁴
Norway (4)	Maldives ^b	Kenya (2)	Dominican Republic (2)
Poland ⁵ (2)	Mongolia ^a	Lesotho ^{3,b} (2)	Ecuador ^a
Qatar ^a	New Zealand (3)	Madagascar ^b	El Salvador (2)
Romania (3)	Pakistan (2)	Malawi ^b	Guatemala
Slovak Republic ⁵ (2)	Papua New Guinea	Mali ^b (2)	Grenada ⁴
Slovenia ⁵	Philippines (3)	Mauritania ^b	Guyana
Sweden ¹ (2)	Singapore (4)	Mauritius (2)	Haiti ^b
Switzerland (4)	Solomon Islands ^b	Morocco (3)	Honduras
Turkey (3)	Sri Lanka (2)	Mozambique ^b	Jamaica (2)
	Thailand (4)	Namibia ³ (2)	Mexico (3)
		Niger ^b	Nicaragua
		Nigeria (3)	Paraguay (2)
		Rwanda ^b	Peru (2)
		Senegal ^b (2)	St.Kitts and Nevis ⁴
		Sierra Leone ^{a,b}	St.Lucia ⁴
		South Africa ³ (3)	St.Vincent and the Grenadines ⁴
		Swaziland ³ (2)	Suriname
		Tanzania ^b	Trinidad and Tobago (2)
		Togo ^b	United States (7)
		Tunisia (2)	Uruguay (2)
		Uganda ^b (2)	Venezuela (2)
		Zambia ^b (2)	
		Zimbabwe	
36 Members (42 reviews)	21 Members (57 reviews)	34 Members (54 reviews)	32 Members (59 reviews)

() Figures in brackets show the number of reviews completed where this is greater than one.

a First review in 2005.

b Least developed Member.

1 Included in European Communities (EC) from 1995.

2 Joint review with Switzerland (counted as two Members but one review for statistical purposes).

3 Reviewed as member of the Southern African Customs Union (SACU) in 2003 (counted as five Members, but one review for statistical purposes).

4 Member of the Organization of East Caribbean States (OECS) reviewed jointly with other OECS members (counted as six Members, but one review for statistical purposes).

5 Included in European Communities (EC) from 2005.

Number of reviews conducted at end-2005	=	212
Number of WTO Members reviewed	=	123 out of 148*
Least-developed WTO Members reviewed	=	23
Share of world trade of WTO Members reviewed (excluding significant double counting and intra-EC trade)	=	

*WTO Members as at 1 October 2005.

Annex II

Trade Policy Reviews conducted in 2005

Member^a	Meeting Date (scheduled)	Review Cycle (years)
Jamaica (2)	17/01/2005	6
Japan (7)	25/01/2005	2
Sierra Leone ^b	09/02/2005	6
Qatar	21/02/2005	6
Mongolia	15/03/2005	6
Paraguay (2)	27/04/2005	6
Nigeria (3)	11/05/2005	6
Ecuador	15/06/2005	6
Philippines (3)	05/07/2005	6
Egypt (3)	26/07/2005	6
Trinidad & Tobago (2)	14/09/2005	6
Tunisia (2)	05/10/2005	6
Guinea ^b (2)	12/10/2005	6
Bolivia (3)	01/11/2005	6
Romania (3)	28/11/2005	6

- a Figures in brackets indicate number of previous reviews.
b Least developed country.

Annex III

Proposed programme of reviews for 2006

Two-year cycle	China, United States
Four-year cycle	Chinese Taipei, Malaysia
Six-year cycle	Argentina, Congo, Iceland, Israel, Kenya, Kyrgyz Republic, Nicaragua, United Arab Emirates, Uruguay
Least developed countries (six-year cycle)	Angola, Bangladesh, Djibouti, Tanzania, Togo, Uganda