

Trade Policy Review Body

TRADE POLICY REVIEW MECHANISM

Report of the Trade Policy Review Body for 2002

Chairperson: H.E. Ms. Amina Chawahir Mohamed (Kenya)

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. As required by the Marrakesh Agreement, the operation of the TPRM was appraised by the Trade Policy Review Body in 1999. The Appraisal concluded that the TPRM functions effectively, that its mission and objectives remain important, and that all Members should be reviewed at least once as soon as possible; the TPRM had also "demonstrated that it had a valuable public good aspect, particularly in its contribution to transparency".¹ Members have also kept the Mechanism under frequent review over the years, as a result of which a number of procedural improvements have been introduced since 1989.

2. This Report by the Trade Policy Review Body provides its annual assessment of the TPRM. The Annual Report discusses the Trade Policy Reviews of Members conducted in the year 2002 and the main issues arising from them. Tables are annexed showing the Members reviewed up to the end of 2002, the geographical coverage of the reviews conducted to date, as well as the proposed programme of reviews for the year 2003.

The Objectives of the TPRM

3. Annex 3 of the Marrakesh Agreement describes the objectives of the TPRM as being "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 2002, the TPRM will have conducted 165 reviews since its formation (Annex I). The reviews have covered 89 of 130 Members, counting the European Union as one, representing around 85% of the share of world trade in 2001. The trade policies and practices of five Members were reviewed for the first time in 2002.² The increased importance given to the reviews of least-developed countries (LDCs) has led to 14 such reviews since 1998.³

¹ WTO document WT/MIN(99)/2, 8 October 1999.

² These were Barbados, Guatemala, Malawi, Mauritania and Slovenia.

³ The least-developed countries reviewed since the establishment of the Mechanism are: Bangladesh (twice), Benin, Burkina Faso, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Senegal, the Solomon Islands, Tanzania, Togo, Uganda (twice), and Zambia (twice). See also footnote 4 below.

5. The Trade Policy Review Body will have conducted 15 reviews in 2002 (Annex II)⁴. The Secretariat reports for the reviews of the European Union, Malawi and Zambia were prepared with the assistance of consultants, under the close supervision of Secretariat staff⁵; the experience gained as a consequence the German Trust Fund proved invaluable in preparing the reviews of Malawi, Mauritania and Zambia.⁶ The Secretariat reports on Ghana and the Slovak Republic also involved partial collaboration with consultants, funded by the Secretariat's budget. The Secretariat's reports continue to be written in close consultation with the authorities of the Member under review.

6. Procedures for the reviews conducted in 2002 have generally run smoothly, although the planned review of Haiti was not completed; however, with this review already prepared, it may be possible to complete it in 2003. 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. The result is that the quality, content, and style of the reviews has been maintained.

7. The reviews conducted in 2002 were evenly spaced throughout the year, reducing pressure of preparation on the Membership for review meetings at close intervals. Efforts also continue to be made to avoid clashes with other meetings at the WTO. The cooperative publishing agreement with an international publishing company has shortened the period between review meetings and the publication of related documents.

8. The Trade Policy Review programme for the year 2003 proposes 17 reviews, including the Southern African Customs Union (SACU: Botswana, Lesotho, Namibia, South Africa, and Swaziland). These will be of:

- Canada on the two-year cycle;
- Indonesia, Philippines, SACU, Thailand and Turkey on the four-year cycle;
- Bulgaria, Chile, El Salvador, Guyana, Honduras, Morocco and New Zealand on the six-year cycle; and
- four least-developed countries: Burundi, Maldives, Niger and Senegal (as well as Lesotho in the context of the SACU review).

9. The TPRB intends to continue to provide an evenly spaced programme of reviews in 2003, thereby avoiding the 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

⁴ In addition the documentation and meeting for the first review of Haiti was fully prepared but at the last moment the Haitian delegation was not able to attend.

⁵ The Secretariat documentation for the planned review of Haiti was similarly prepared.

⁶ In 2000, the Federal Republic of Germany made DM1 million available over a four-year period to undertake reviews of developing countries and to improve the Mechanism to better adapt it to the requirements of developing countries. The planned review of Haiti also benefited from experience with the Fund.

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. In addition to trade policy formulation, the review process also discusses the economic impact of trade measures, and places individual Members' trade and economic regimes within the wider 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 2002 Reviews

12. While each review highlights the specific issues and measures concerning individual Members, certain common themes emerged during the course of the reviews conducted in 2002. These included:

- transparency in policy-making and implementation;
- economic stability and trade liberalization;
- implementation of the WTO Agreements, in particular Customs Valuation, TRIPS and TRIMs;
- regional trade agreements and their relationship with the multilateral trading system;
- tariff issues, including peaks, escalation, rationalization and the difference 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 practices;
- the state involvement in the economy and privatization programmes;
- trade-related competition and investment policy issues;
- incentive measures such as subsidies and tax foregone;
- sectoral trade-policy issues, particularly liberalization in agriculture and certain services sectors;
- GATS commitments; 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 30 least-developed Members of the WTO, 16 will have been reviewed by the end of 2002; three of these were reviewed

in 2002.⁷ Of the 21 Members proposed for review in the year 2003, five are least-developed countries.⁸

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 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 responds more systematically to technical assistance needs. The review process for an LDC now includes a three-to-four-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 in 2002 in the context of the review process for Burundi, Haïti, Lesotho, Malawi, Mauritania, Niger, Senegal and Zambia (seminars of a similar sort have been held for Honduras, SACU and Venezuela). The Secretariat Report for an LDC review includes a section on technical-assistance needs and priorities, as identified in co-operation with the Member concerned, and with a view to feeding this into the Integrated Framework process. The seminars and the technical-assistance section in the Secretariat reports involve close co-operation with the WTO's 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 TPRM's separation from the compliance and dispute settlement aspects of WTO work related to the Agreements allows an open debate. The 15 reviews conducted during 2002 have, in general, been satisfactory, and have met deadlines agreed with the Members. The reviews have been evenly spaced throughout the year, 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 2003, 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 importance of respecting deadlines, in order to maintain the standard and quality of the reports, and in the successful reviews of Members by the TPRB.

⁷ At the end of 2002, the least-developed country Members of the WTO still to be reviewed by the TPRM will be: Angola, Burundi, Central African Republic, Chad, Democratic Republic of Congo, Djibouti, the Gambia, Guinea-Bissau, Haiti, Maldives, Myanmar, Niger, Rwanda, and Sierra Leone.

⁸ These are Burundi, Maldives, Niger, Senegal, and Lesotho in the context of the SACU review.

Annex I

TRADE POLICY REVIEWS
WTO Members reviewed under GATT 1947 and WTO provisions, 1989-2002

Europe/Middle East	Asia/Pacific	Africa	America
Austria ^{1,a}	Australia (4) ^b	Benin ^d	Argentina (2) ^b
Bahrain	Bangladesh(2) ^{b, d}	Botswana	Antigua and Barbuda ^e
Cyprus	Brunei Darussalam	Burkina Faso ^d	Barbados ^c
Czech Republic (2)	Fiji	Cameroon (2) ^b	Bolivia(2) ^b
European Union (6) ^b	Hong Kong, China (4) ^b	Côte d'Ivoire	Brazil (3) ^b
Finland ^{1,a}	India (3) ^b	Egypt(2) ^b	Canada (6) ^b
Hungary (2) ^b	Indonesia (3) ^b	Gabon	Chile (2) ^b
Iceland(2) ^b	Japan (6) ^b	Ghana (2) ^b	Colombia (2) ^b
Israel(2) ^b	Korea (3) ^b	Guinea ^d	Costa Rica (2)
Liechtenstein ²	Macau, China (2) ^a	Kenya (2) ^b	Dominica ^e
Norway (3) ^b	Malaysia (3) ^b	Madagascar ^d	Dominican Republic (2)
Poland (2) ^b	New Zealand (2) ^b	Lesotho ^d	El Salvador
Romania(2) ^b	Pakistan (2) ^a	Mali ^d	Guatemala ^c
Slovak Republic (2)	Papua New Guinea	Malawi ^{c, d}	Grenada ^e
Slovenia ^c	Philippines(2) ^b	Mauritania ^{c, d}	Jamaica
Sweden ¹ (2) ^a	Singapore (3) ^b	Mauritius (2)	Mexico (3) ^b
Switzerland (3) ^b	Solomon Islands ^d	Morocco (2) ^b	Nicaragua
Turkey (2) ^b	Sri Lanka	Mozambique ^d	Paraguay
	Thailand (3) ^b	Namibia	Peru (2) ^b
		Nigeria (2) ^b	St.Kitts and Nevis ^e
		Senegal ^{a, d}	St.Lucia ^e
		South Africa (2) ^b	St.Vincent and the Grenadines ^e
		Swaziland	Trinidad and Tobago
		Tanzania ^d	United States (6) ^b
		Togo ^d	Uruguay (2) ^b
		Tunisia ^a	Venezuela (2)
		Uganda (2) ^d	
		Zambia (2) ^d	
		Zimbabwe ^a	
29 Members (35 reviews)	19 Members (47 reviews)	29 Members (39 reviews)	26 Members (44 reviews)

- () Figures in brackets show the number of reviews completed where this is greater than one.
- ¹ Included in EU from 1995.
- ² Joint review with Switzerland (counted as two Members but one review for statistical purposes).
- ^a Reviewed under GATT 1947.
- ^b Reviewed under GATT 1947 and the WTO.
- ^c First review in 2002.
- ^d Least-developed Member.
- ^e Member of the Organization of East Caribbean States (OECS) reviewed jointly with other OECS members.

Number of reviews conducted at end-2002 = 165

Number of WTO Members reviewed = 103 out of 144** (counting EU as 15)

Number of WTO Members reviewed = 89 out of 130** (counting EU as 1)

= 72% of WTO Members** (of which, 29 in Europe, 19 in Asia/Pacific, 29 in Africa, and 26 in America)

Least-developed WTO Members reviewed = 16

Share of world trade of WTO Members reviewed (2000) (excluding significant double counting and intra-EU trade) = 85%

** WTO Members as at 6 September 2002.

Annex II**Trade Policy Reviews Conducted in 2002**

Member^a	Meeting Date (scheduled)	Review Cycle (years)
Guatemala	16.01.2002	6
Pakistan (1)	23.01.2002	6
Malawi	06.02.2002	6 ^b
Mexico (2)	15.04.2002	4
Slovenia	13.05.2002	6
India (2)	19.06.2002	4
Barbados	09.07.2002	6
European Union (5)	24.07.2002	2
Mauritania	11.09.2002	6 ^b
Australia (3)	23.09.2002	4
Dominican Republic (1)	07.10.2002	6
Zambia (1)	23.10.2002	6 ^b
Japan (5)	06.11.2002	2
Venezuela (1)	27.11.2002	6
Hong Kong, China (3)	16.12.2002	4

^a Figures in brackets indicate number of previous reviews.

^b Least-developed country.

Annex III**Proposed programme of reviews for 2003**

Two-year cycle	Canada
Four-year cycle	Indonesia, Philippines, Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, Swaziland), Thailand, Turkey
Six-year cycle	Bulgaria, Chile, El Salvador, Guyana, Honduras, Morocco, New Zealand
Least-developed countries (six-year cycle)	Burundi, Maldives, Niger, Senegal (and Lesotho in the context of the SACU review)