
The Parliament of the Commonwealth of Australia

Australia's engagement with the World Trade Organisation

A report on the proceedings of the 2003 annual public hearing

Joint Standing Committee on Foreign Affairs Defence and Trade

Trade Sub-Committee

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Foreword

This one day hearing, convened to fulfil the terms of reference outlined below, was focused on the recent Fifth World Trade Organisation Ministerial Meeting held in Cancun, Mexico in September 2003.

The committee discussed with the Department of Foreign Affairs and Trade, a range of trade economists and trade experts the conduct of the Cancun meeting and its implications for this the Doha Round of WTO negotiations on trade liberalisation.

Recognizing the fact that expectations for the Cancun meeting were not realized, the committee believes that none the less it remains an important marker of progress within the Doha Round, originally planned to run from 2001 to 2005.

The report is divided into three sections: issues related specifically to the Cancun meeting; structural issues for global trade and WTO reform; and other global trade issues affecting the WTO.

Although a range of the issues covered in the hearing and in this report remain unresolved, several important points emerged from discussions. In the first section of the report the committee noted that negotiations at Cancun had been mishandled in a strategic sense. Although the US and the EU bore a degree of the responsibility as major participants, the G90 and the new G20 negotiating group and its constituents were also influences on the outcome.

A noticeable new force in negotiations was that of development NGOs, some of them anti-trade and anti-WTO, taking part in negotiations through supporting country delegations.

Cancun's outcomes did not develop in isolation however. They were born of more substantial issues within the world trading system and the WTO. The second section of the report looks at what sorts of reforms might add to the workings of the WTO.

Of greatest interest to the committee was the so-called politicisation of the WTO stemming from the dramatic growth in membership in recent years. The WTO's

almost global membership has brought with it a range of problems experienced by other global organisations such as the United Nations.

New forms of trade protectionism were discussed including the misuse of the WTO's anti-dumping provisions and the development of new non-tariff barriers to trade.

The last section of the report deals with other issues affecting global trade. One of the main trade debates in Australia was examined: that of the relative merits of multilateral trade liberalisation with respect to bilateral or regional trade liberalisation.

Although this complex issue cannot be easily resolved, it is clear there is no real alternative for Australia to a strong and active multilateral system. Accordingly the committee believes Australia is effectively pursuing trade liberalisation, through a broader strategy incorporating both multilateralism and bilateralism (through competitive liberalisation).

The Trade Sub-Committee would like to acknowledge the Department of Foreign Affairs and Trade and the participants who contributed their time and expertise to assist in keeping the parliament informed of these important issues in trade policy. The committee would also like to thank the secretariat of the Trade Sub-Committee for the conduct of the hearing and the preparation of this report.

The Hon. Bruce Baird MP
Chair

Trade Sub-Committee

Membership of the committee - 40th Parliament

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Membership of the Trade Sub-Committee

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Deputy Chair

Senator the Hon P Cook

Members

Hon A R Bevis, MP

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Hon B C Scott, MP

Hon W E Snowden, MP

Hon A M Somlyay, MP

Mr C P Thompson, MP



Terms of reference

The Joint Standing Committee on Foreign Affairs, Defence and Trade on 29 August 2001 resolved to undertake continuous and cumulative parliamentary scrutiny of the World Trade Organisation. It will take the form of an annual one-day public hearing on the WTO with specific reference to its progress towards trade liberalisation and the implications of its activities for Australia.



List of abbreviations

Cairns Group	Cairns Group of agricultural producers
CER	Closer Economic Relations (between Australia and New Zealand)
DFAT	Department of Foreign Affairs and Trade
EU	European Union
FTA	Free trade agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement in Tariffs and Trade
G20	Group of 20 developing nations formed before Cancun meeting 2003
G90	The G90 is a tripartite alliance of the Africa Union (AU), the African, Caribbean and Pacific Group (ACP) and Least Developed Countries (LDCs), forming a majority of developing countries in the WTO.
NGO	Non government organisation
PTA	Preferential trade agreement
UN	United Nations
US	United States of America
WTO	World Trade Organisation



List of recommendations

Recommendation 1

The committee recommends the government develop new ways of supporting strategic trade related technical assistance in key developing WTO member countries. Any measures should include supporting the capacity for quality trade analysis and any structural adjustment which might flow from liberalising trade. Such measures should aim to promote domestic constituencies for trade liberalisation in those countries.



Table and graphs

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Introduction

- 1.1 In recent times the multilateral path to freer global trade has become more difficult. As World Trade Organisation (WTO) membership expanded dramatically through the 1970s, 1980s and 1990s negotiating rounds have become more complicated and therefore slower. This trend culminated in the Uruguay Round which took eight years to negotiate (1986-94) and is evident in the very ambitious Doha Round (2001-2005) which is well behind schedule.
- 1.2 In response to the growing complexity of global trade liberalisation, governments have sought alternative strategies to liberalize trade. A range of countries (including Australia) have entered into preferential trade agreements (PTAs) to keep liberalisation momentum. Through this 'competitive liberalisation' of countries entering various bilateral trade deals it is hoped that momentum for universal trade liberalisation will be maintained or enhanced.
- 1.3 This trend raises the difficult national issue of deciding which strategy is most likely to deliver Australia improved trade outcomes – increasingly complex multilateral negotiations or a range of more limited but readily implemented bilateral trade deals, or indeed some combination of the two.
- 1.4 The current hearing is the result of the Parliament's need to be informed about these complex issues of trade policy.

Background to the hearing

- 1.5 In September 2001 the Joint Standing Committee on Treaties undertook an inquiry into Australia's relationship with the WTO entitled 'Who's afraid of the WTO? Australia and the World Trade Organisation'. It was the first analysis of Australia's engagement with the body since its formation in 1995.
- 1.6 Among other things it recommended:
- greater focus within DFAT for trade policy development and public outreach;
 - closer consultation with the states on trade policy issues;
 - the development of an Asia Pacific Regional Centre of the WTO to be a negotiating venue and capacity building training centre for WTO advocacy;
 - the establishment of a Joint Standing Committee on Trade Liberalisation to provide 'a conduit to increase understanding between governments, industry and the community'¹ in the critical area of trade liberalisation.
- 1.7 In 2001, through the review of Annual Reports process, the Joint Standing Committee on Foreign Affairs Defence and Trade undertook to annually review Australia's engagement with the WTO through a one-day hearing.
- 1.8 In its first annual review hearing which was held on 23 August 2002, the Trade Sub-Committee decided to focus on the prospects of the Doha Round negotiations. The discussions covered market access issues in the key negotiating areas of agriculture, services and industrials, and the issues of intellectual property, trade and environment, and special and differential treatment of developing countries.
- 1.9 Recently the Senate Foreign Affairs Defence and Trade Committee undertook an inquiry into the General Agreement on Trade in Services and Australia/US Free Trade Agreement. Its report entitled 'Voting on trade: The General Agreement on Trade in Services and an Australia-US Free Trade Agreement' was tabled on 26 November 2003.

¹ Joint Standing Committee on Treaties, *Who's afraid of the WTO? Australia and the World Trade Organisation*, September 2001, p xii.

- 1.10 This, the second one day hearing into Australia's engagement with the WTO, aims to continue the analysis in light of recent events. The two key recent developments are the failure of negotiations at Cancun and Australia's recent efforts in the pursuit of bilateral preferential trade agreements (PTAs).
- 1.11 The committee hopes that this analysis of a range of trade related issues contributes to informed debate on these important issues within the Parliament and the Australian community.

Structure of the report

- 1.12 The 2003 hearing was conducted on Monday 24 November in Canberra. It was broken up into four sessions, each with a theme. The four sessions were:
- Session 1: What caused the Cancun collapse?
 - Session 2: New WTO country groupings and their implications for the Cairns Group and Australia.
 - Session 3: Odds of a successful completion of the negotiating round. Possible alternative outcomes.
 - Session 4: The future of Australian engagement with the WTO: bilateralism or multilateralism?
- 1.13 The program for the hearing and a list of participants is included in Appendix A. The Committee planned for discussions to be focused on key issues coming out of the Cancun meeting and accordingly invited mainly trade economists, trade officials and other trade specialists. Accordingly the report reflects specialist or technical views on the trade issues discussed. In future years when undertaking subsequent annual reviews the Committee reserves the right to seek a broader range of views on Australia's engagement with the WTO.
- 1.14 Due to the complexity of the issues involved, there was overlap of discussion of certain issues across different sessions.
- 1.15 The committee preferred to report on the hearing by themes, as they emerged during the hearing.
- 1.16 Accordingly the report is broken into 3 substantive chapters, which differ somewhat from the themes in the program. The themes are:

- Chapter 2 – Issues specific to the Cancun meeting
- Chapter 3 – Structural issues underlying the Cancun meeting
- Chapter 4 – Other global trade issues affecting the WTO

The Fifth WTO Ministerial Conference at Cancun

- 2.1 At the Fourth WTO Ministerial Conference in Doha, Qatar, ministers from WTO member countries agreed to launch a new round of trade negotiations.¹
- 2.2 The meeting agreed to negotiate on 21 subjects or issues and formally named the work package of the round the Doha Development Agenda – the Doha Round.²
- 2.3 The Cancun meeting, the focus of this hearing, was the Fifth WTO Ministerial Conference and was intended as a mid-round meeting to ‘take stock’ of progress in the Doha Round.³

The conduct and management of Cancun

- 2.4 In a recently published overview of the negotiations at Cancun, *The Economist* noted that various parties at Cancun blamed the chair of the conference and Mexican Foreign Minister Luis Ernesto Derbez for mishandling negotiations. His actions in keeping strictly to the scheduled times removed the opportunity for key nations or country groupings to participate in final, late night negotiations to resolve differences.⁴

¹ WTO, *Understanding the WTO*, p 77.

² WTO, *Understanding the WTO*, p 77.

³ http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm

⁴ ‘The WTO under fire’, *The Economist*, 20 September 2003.

- 2.5 DFAT's opening statement at the committee's roundtable made plain that the meeting processes followed at Cancun were not, in the government's view, a particular or even significant problem in the context of the disappointing meeting.⁵
- 2.6 The same article goes on to dismiss this view suggesting that although Mr Derbez might have made a tactical error in managing the negotiations, the cause of the failure lies deeper within the whole WTO negotiating process and substantive differences between negotiating countries and country groupings.⁶
- 2.7 DFAT supports the view that more negotiations may not likely have changed the outcome. The department gives two reasons for this.
- The first is that the EU felt it had compromised on the Singapore issues. Once its compromise offer was rejected, it became more difficult for the EU to then ask its members for further compromise on agriculture. More flexibility was required on agriculture from both the US and the EU.⁷
 - The second reason was the rejection of negotiations by the G90 on the Singapore Issues and more broadly the lack of flexibility in negotiating positions.
- 2.8 Others such as Alan Oxley of the APEC Study Centre are more broadly critical of the negotiating style of Pascal Lamy, the EU Trade Commissioner, and Robert Zoellick, the US Trade Representative.⁸
- 2.9 Although there appears to have been mistakes made in the management of the Cancun meeting, the sheer volume of undecided issues in the Doha Round of negotiations suggest that mistakes at the meeting alone could not have caused the poor outcome.

Role of the United States and the European Union

- 2.10 Clearly for any meeting to work the key participants must be involved and genuinely interested in an outcome. Two of the biggest participants in world trade are the United States and the European Union.

⁵ DFAT, *Transcript*, p 2.

⁶ 'The WTO under fire', *The Economist*, 20 September 2003.

⁷ DFAT, *Transcript*, p 6.

⁸ Oxley, *Transcript*, p 19.

- 2.11 Acknowledging the importance of these nations in the process of trade liberalisation, the US and EU developed a draft framework paper setting out their preferred approach to the upcoming Cancun meeting. The paper grew out of the so called 'mini-ministerial' held in Montreal in August of 2002.⁹

US-EU framework proposal

- 2.12 In explaining the poor outcome of the Cancun meeting DFAT listed the US-EU framework proposal as one of the main causes.¹⁰
- 2.13 One commentary of the 2nd revision of the Derbez text, which was only marginally different from the US-EU framework proposal, described the text's main features in the following terms:
- The US/EC text introduced the 'blended formula', which takes into account the EC's wish to protect their markets with high tariffs in their most sensitive sectors (eg. meat, dairy, cereals).
 - In exchange, it protects the US' need to maintain high 'trade-distorting' domestic supports to accommodate the additional billions offered in the US' farm bill.
 - And importantly, it enforces steep tariff cuts on the larger developing countries – to meet both US and EC interests.¹¹
- 2.14 The strong reaction to the text by G20 members¹² was based on the fact that it was so 'self-serving'.¹³ And generally, DFAT believes both the US and the EU offered little additional flexibility in negotiating on the text.¹⁴

Singapore Issues

- 2.15 The main opponent of the Singapore Issues¹⁵ was a developing country coalition (G90, including many less developed and small economies from Africa and the Caribbean in particular).

⁹ DFAT, *Transcript*, p 7.

¹⁰ Note, many documents from the Cancun meeting can be found at the WTO Cancun website at http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm

¹¹ 'Derbez text' Increases Trade Distortions, More Special Treatment for US and EU!', Joint WTO Committee Thailand, http://www.wtothailand.or.th/hot_issues.php?trans_id=743

¹² DFAT, *Transcript*, p 8.

¹³ DFAT, *Transcript*, p 8.

¹⁴ DFAT, *Transcript*, p 8.

¹⁵ The four Singapore Issues are: trade and investment; trade and competition policy; transparency in government procurement; and trade facilitation.

- 2.16 This coalition of G90 vigorously opposed the commencement of any negotiations on the Singapore Issues because they viewed them as non-tariff barriers to trade being put forward by developed countries.
- 2.17 The G90's unwillingness or inability to respond to the concession offered by EU Commissioner Pascal Lamy was the immediate cause of the breakdown at Cancun, according to DFAT.

Role of the G-20¹⁶ group of countries at Cancun

- 2.18 The emergence of a new negotiating group of developing countries was a feature of the meeting in Cancun. Although interest based negotiating groups were not new in such negotiations, formation of the G20 did manage to surprise some parties.¹⁷
- 2.19 In forming the new country grouping (members listed in Figure 2.1), negotiations took on a North versus South dimension.¹⁸
- 2.20 Since the breakdown of the Seattle Ministerial meeting in 1999, developing countries have asserted a greater role in WTO talks. They argued that not all the Uruguay Round undertakings have been delivered. They are argued that the Singapore issues are, in the main, non-tariff barriers for developing countries. And they believe liberalisation of textile trade and agriculture is necessary for those countries to be able to benefit from their comparative advantage.
- 2.21 Some of the G20 countries, notably India, appear to doubt the advantage of global open markets per se. Forty percent of agricultural trade is South-South trade. Yet India is effectively a closed market for the rest of the developing world.
- 2.22 Despite this obvious contradiction, developing countries at Cancun came together in the G20 to put pressure back on the developed world to achieve their aims.
- 2.23 On agriculture, the Cairns Group has a lot in common with the G20, except of course the Cairns Group would argue for the removal of

¹⁶What is referred to as the G20 in this text is variously called the G22, G21 or G20 depending the shifting membership. As of the writing of this report DFAT refers to the group as the G20, as will this report (see Figure 2.1 for membership).

¹⁷DFAT, *Transcript*, p 26.

¹⁸DFAT, *Transcript*, p 26 and 'The WTO under fire', *The Economist*, 20 September 2003.

protection of agriculture everywhere and not just in the developed world.

- 2.24 The G20, through perhaps Brazil, India and China, is trying to hold itself together. Progress in the round will involve addressing the core issues of this group and dissuading them from commenting on the other matters.
- 2.25 DFAT describes how it became 'readily apparent early on that Saturday evening (Day 4 of 5) that there was a large and quite forceful reaction from many developing countries to the [Derbez] text'.¹⁹ The reaction led to an 'unusual sort of atmosphere – one where quite lofty rhetorical statements were made by some members which were greeted by applause and cheering by others'.²⁰

Future of the G20

- 2.26 In terms of the impact of this new group on negotiations, the committee believes the consensus that emerged from the hearing and media reporting was that it is unlikely to be a force in future WTO negotiations in its current form.
- 2.27 There were two reasons for this conclusion. The first was given by Andrew Stoler. He explained that the grouping was surprising because it included countries which were interested in significant agricultural liberalisation and ones which had little interest in agricultural liberalisation.
- 2.28 In talking with those inclined towards liberalisation, Stoler learned that their intention in joining the group was to create a 'short term shock type of group...designed to pull the negotiation back from the extreme of the US-EU text...towards the centre'.²¹ He also discovered that once that objective had been realised the group would likely have dissolved.²² Therefore it was clear to Stoler that there was no intention within the group to form a long term coalition.
- 2.29 These 'internal contradictions' within the group, as the Australian Financial Review put it, meant the G20 would not survive in that form.²³

¹⁹ DFAT, *Transcript*, p 4. The Derbez text was only marginally different from the US-EU text.

²⁰ DFAT, *Transcript*, p 4.

²¹ Andy Stoler, *Transcript*, P 16.

²² Andy Stoler, *Transcript*, p 16.

²³ Australian Financial Review, *Poor nations' G22 falls apart*, 10 October 2003.

- 2.30 In contrast, DFAT noted the similarity of G20 and Cairns Group positions, and that while it was unclear about whether this group will be sustainable in the way that the Cairns Group has been sustainable, it is now part of the landscape with which Australia must work'.²⁴ This forecast has been born out to some degree.²⁵

Role of the Cairns Group²⁶ of countries at Cancun

- 2.31 As mentioned previously there was considerable overlap between the G20 and the Cairns Group. Figure 2.1 below shows that nine countries are in both groups.
- 2.32 As well as the large overlap in membership between the two groups, DFAT points out there is also a large overlap in their negotiating positions.²⁷
- 2.33 One apparent difference between the groups DFAT pointed out is that the Cairns Group comprises developed and developing nations whereas the G20 comprises only developing countries. This suggests, as mentioned previously, that the Cairns Group is based on interest in freer agricultural trade while the G20 is a notional grouping of developing countries. India for example, a highly protectionist agricultural producer,²⁸ has less interest in freer agricultural trade than Costa Rica or Australia.²⁹

Impact of the Cairns Group

- 2.34 The G20 negotiating position was very close to that of the Cairns Group – far closer than the Cairns Group's position in relation to the US-EU text – but the dynamics of the negotiations discussed above made it difficult for the Cairns Group to claim the media profile of the G20.³⁰

²⁴ DFAT, *Transcript*, p 27.

²⁵ Although the G20 is still intact, its membership of the G20 has changed, and currently stands at 19. Membership list supplied to secretariat on 30 Jan 2004.

²⁶ The 17 member Cairns Group of agricultural producers, now 18 years old, primarily aims 'to ensure that agricultural trade issues would be given a high priority in the Multilateral Trade Negotiations' (<http://www.cairnsgroup.org/milestones.html>)

²⁷ DFAT, *Transcript*, p 26.

²⁸ DFAT, *Transcript*, p 11.

²⁹ As explained by DFAT, *Transcript*, p 16.

³⁰ Jane Drake-Brockman, *Transcript*, p 25.

- 2.35 DFAT explained, however, that the Cairns Group was very active and effective throughout the negotiations. In late 2003 members of the Cairns Group, including those which are G20 members, met in Geneva and reaffirmed their commitment to the group. Members of the Cairns Group have also planned to meet at ministerial level in Costa Rica in late February 2004³¹ (see Appendix B for the 2004 schedule of WTO activities).
- 2.36 DFAT concluded that there was much misunderstanding of the role of the Cairns Group at Cancun, of the relationship between the Cairns Group and the G20, and developments in Cairns Group approaches – particularly outreach to developing countries – over recent years.
- 2.37 In terms of the Cairns Group's plans, DFAT has posted on its website the following

At the Cairns Group's 26th meeting in Costa Rica from 23-25 February, Ministers issued a strongly worded communiqué about the Group's readiness to move forward the negotiations and work to lock in a framework agreement on agriculture by mid 2004. The Group emphasised that to achieve this would require the US, EU and Japan to show greater ambition and leadership than they had to date. The Group reinforced its call for the elimination of export subsidies on all agricultural products without exception, and rejected the EU's call for elimination on only a selected list of priority products. Ministers stressed that all countries should make a contribution on market access, with appropriate flexibility for developing countries, and they agreed to continue the Group's outreach activities, including through meetings with the G20 and other key groups in the negotiations.³²

Role of NGOs at Cancun

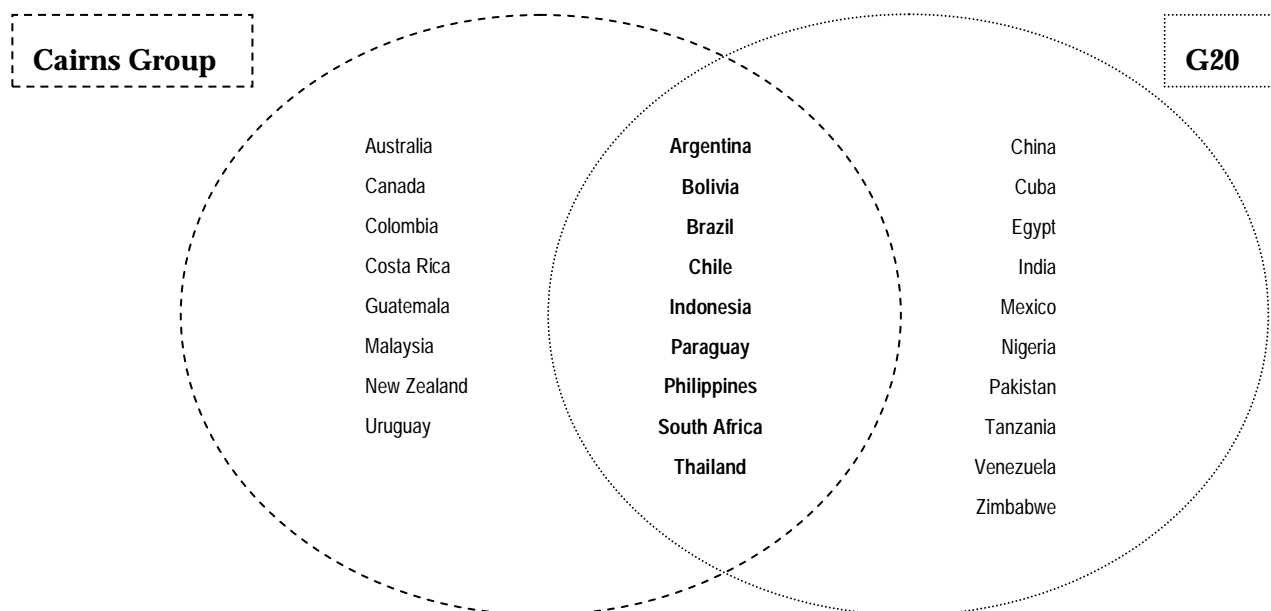
- 2.38 Dr Brian Fisher from ABARE explained that there have always been NGOs, including industry peak bodies, involved in negotiations such as those at Cancun but the style of the interaction has changed. The higher level of civil society activity in such negotiations reflects changes in global society. The changes see such groups much more

³¹ DFAT, *Transcript*, p 27.

³² http://www.dfat.gov.au/trade/negotiations/trade_in_agriculture.html#cg

directly involved in the negotiations than they once were. Something, Dr Fisher points out, we are more used to seeing in the UN than the WTO.³³

Figure 2.1 Overlap in membership between the Cairns Group and the G20³⁴



Source <http://www.cairnsgroup.org/introduction.html>

- 2.39 DFAT noted that in Cancun some NGOs played a negative role, while others played a very positive role. Those that played a negative role were characterised as 'anti-growth, anti-trade, anti-WTO'.³⁵
- 2.40 Noteworthy also is the fact that in terms of the range of civil society organisations in attendance – charity organisations, development NGOs, peak industry bodies etc – those characterised as anti-trade NGOs 'rather drowned out the business presence in Cancun'.³⁶
- 2.41 Alan Oxley agrees with the criticism of some of the NGO activity at Cancun. He suggests their lack of understanding of the role of the WTO (and GATT) in nurturing trade and the spread of market economies, renders them unable to understand the intended role of the WTO.

³³ Dr Fisher, *Transcript*, p 23.

³⁴ The membership list was supplied to the Committee on 30 Jan 2004. Members of both the Cairns Group and G20 in bold.

³⁵ DFAT, *Transcript*, p 3

³⁶ Jane Drake-Brockmen, *Transcript*, p 14.

- 2.42 In essence Oxley suggests they were attempting to influence an institution they did not fully understand.³⁷
- 2.43 The committee believes that NGOs do have a right to put their view on WTO issues forward in such fora, while also believing that their legitimate activities must be within certain boundaries and rules.
- 2.44 In terms of the decision making within the WTO and especially within the quasi judicial processes of the dispute settlement process, the committee believes only member states should be involved. NGOs clearly do not have a role here.

³⁷ Alan Oxley, *Transcript*, p 41.

WTO reform

- 3.1 The ability of WTO ministerial meetings to move forward on issues depends on not only the positive attitude and agenda of participants, but on the effectiveness of the underlying structure of world trade.

Growing membership of the WTO

- 3.2 One of the most striking facts about the WTO is its exceptional growth in membership over the last three negotiating rounds (see Table 3.1).
- 3.3 At the beginning of the Tokyo Round of negotiations there were 62 GATT member countries. By the beginning of the Uruguay Round there were 92 members. By its end there were 123. There are now 146 members¹. (See Appendix C for full listing of WTO members).
- 3.4 Also noteworthy is the growth in the scope of negotiations. As tariffs on traded goods have substantially diminished, negotiations have moved into more and more complex areas (see Table 3.1).
- 3.5 Although the growth in WTO membership is encouraged by the developed countries and viewed as beneficial by all, the implications of the growth in membership are complex and contribute to a range of ongoing issues within the WTO.

¹ WTO, *Understanding the WTO*, 3rd Edition, Geneva 2003, p 112.

Logistics of negotiations

- 3.6 Clearly negotiating among 148 member governments provides a different set of challenges than negotiating among 80. Although no one believed that the number of participants alone caused the failure at Cancun a range of problems arose from difficulties linked to the growth in membership.

Table 3.1 GATT trade rounds, negotiating subjects and member countries

Year	Place / name	Subjects covered	Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960-61	Geneva (Dillon Round)	Tariffs	26
1964-67	Geneva (Kennedy Round)	Tariffs and anti-dumping measures	62
1973-79	Geneva (Tokyo Round)	Tariffs, non-tariff measures, 'framework agreements'	102
1986-94	Geneva (Uruguay Round)	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO etc	123

Source *Understanding the WTO*²

- 3.7 DFAT explains that the ground rules of negotiations, in the so called 'hothouse atmosphere' (see Chapter 2), may not have been clearly understood by all participating countries.³

Negotiating capacity

- 3.8 As DFAT points out many members of the WTO are small developing countries without Geneva representation '...and [the WTO is] asking them to keep pace with an organisation which has a complex agenda'.⁴
- 3.9 Troy Podbury from ABARE elaborated on this problem further. In assessing what impact various negotiating positions will have on a country's own economy, even wealthy countries with substantial bureaucratic resources have trouble understanding what effects will flow from certain WTO rules.⁵

² WTO, *Understanding the WTO*, 3rd Edition, Geneva 2003, p 16.

³ DFAT, *Transcript*, p 6.

⁴ DFAT, *Transcript*, p 10.

⁵ Troy Podbury, *Transcript*, p 24.

Participation in world trade by developing countries

- 3.10 Expansions of world trade have come when countries have decided that it is in their own interests to liberalise their trade. Ross Garnaut cites as examples Australia, China, New Zealand, Korea, Taiwan, Japan, Indonesia, the Philippines and Malaysia.⁶ All these nations experienced substantial growth when internal forces drove them to reduce trade barriers.
- 3.11 The problem evident at Cancun was a lack of understanding in many developing countries of the implicit benefits of liberalising trade. As David Pearce said, many developing countries viewed trade negotiations as a zero sum game,⁷ rather than a win-win situation in which the principles of comparative advantage can deliver benefits to all traders.⁸
- 3.12 As Greg Cutbush points out, a domestic atmosphere conducive to trade reform is simply not present in many member countries of the WTO.⁹
- 3.13 There is a growing consciousness of this problem within the WTO, development agencies and other global economic institutions.¹⁰ David Pearce and Ross Garnaut suggested Australia should support efforts in developing countries to ‘institutionalise a process of transparent, independent analysis of the effects of trade policy changes’.¹¹
- 3.14 The reasoning being that if developing countries have access to independent, quality research by an equivalent to Australia’s Productivity Commission, reformers in those countries would be able to build a liberalising constituency.
- 3.15 Troy Podbury notes that having home grown economic analysis is good not only for building a liberalising constituency but also for supporting developing country negotiating teams at these sort of negotiations.¹² Everyone prefers national interest assessments being made by fellow nationals.

⁶ Ross Garnaut, *Transcript*, p 17

⁷ David Pearce, *Transcript*, p 18.

⁸ David Pearce, *Transcript*, p 18.

⁹ Greg Cutbush, *Transcript*, p 25.

¹⁰ David Pearce, *Transcript*, p 18.

¹¹ Ross Garnaut & David Pearce, *Transcript*, p 18.

¹² Troy Podbury, *Transcript*, p 24.

- 3.16 While acknowledging the government's substantial efforts in this area,¹³ the committee believes that more support for trade liberalisation through increased education on engagement with the WTO and the benefits of trade liberalisation would be worthwhile.
- 3.17 Accordingly the committee would like to encourage the government to seek new and innovative ways to promote understanding of WTO processes and to support quality and independent trade analysis in developing WTO member countries.
- 3.18 Effort in these two areas could contribute substantially to such countries' willingness to engage positively with the WTO and build domestic constituencies in favour of liberalising trade.

Recommendation 1

The committee recommends the government develop new ways of supporting strategic trade related technical assistance in key developing WTO member countries. Any measures should include supporting the capacity for quality trade analysis and any structural adjustment which might flow from liberalising trade. Such measures should aim to promote domestic constituencies for trade liberalisation in those countries.

Rise of political issues within the WTO

- 3.19 The growing membership of the WTO also throws up some challenging problems traditionally faced by other large multilateral organisations such as the United Nations. The consensus based approach to decision making means all nations have an equal ability to influence negotiations.
- 3.20 By virtue of its poverty, Africa's stake in global trade is small. Oxley and Stoler explained that the 40 or so African member countries have a share of world trade of less than two percent. And South Africa's trade accounts for about half of that.¹⁴

¹³ Australia supports trade related assistance through two main avenues: through a half million dollar per annum contribution to the WTO Global Trust Fund; and through various AusAID programs totalling approximately \$24 million per annum. See Appendix D.

¹⁴ Alan Oxley and Andrew Stoler, *Transcript*, p 21.

- 3.21 Their equal voting power without corresponding capacity to engage effectively with WTO processes slows dramatically any possible progress in this round.
- 3.22 The apparent lack of engagement with the principles of free trade has other effects as well. It supports the view that trade is a zero-sum game – that negotiations are about giving something and getting something in return rather than negotiating to mutual benefit.
- 3.23 The lack of capacity also opens the door for NGOs to be involved in many of the processes of the WTO. Negotiators from under-resourced developing nations find the resources some NGOs can provide to be an asset. Although this may sometimes be beneficial, evidence suggests that the opposite has been true at Cancun.

The ‘single undertaking’ approach to WTO membership

- 3.24 Andy Stoler believes GATT members made a mistake when forming the WTO in 1995 in adopting the ‘single undertaking’ approach. This approach obliged all acceding countries to either join and accept all WTO obligations or lose their ‘most favoured nation’ status. At the time it was thought to be a good way of avoiding problems associated with ‘free-riders’ within the system.¹⁵
- 3.25 What members failed to comprehend at the time was just how difficult decision making would be with such a large and growing membership, including a range of countries with very little interest in trade.¹⁶

Naming of the Doha Development Round of WTO negotiations

- 3.26 There seemed to be a view amongst hearing participants that naming the latest negotiating round the Doha Development Round was not ideal. As one participant said ‘it is a pity it is called the development round. It is going to take us longer as a result’.¹⁷
- 3.27 Against convention, the word ‘development’ was added to the name of the Doha Round. This was done because the September 11

¹⁵ Andy Stoler, *Transcript*, p 45.

¹⁶ Andy Stoler, *Transcript*, p 45.

¹⁷ Jane Drake-Brockman, *Transcript*, p 43.

bombing of the World Trade Centre had just occurred and developed nations were interested in making a gesture towards developing nations.

- 3.28 Alan Oxley believes it created unrealistic expectations among developing countries that the onus was simply on developed countries to lower their trade barriers.¹⁸ He believes developing countries took the view that trade liberalisation was something for rich countries.

New forms of protectionism

- 3.29 In terms of protectionism Alan Oxley explained that around 85% of world trade is kept free by a range of commitments and agreements.¹⁹
- 3.30 Two issues emerged during proceedings however which threaten global progress on trade liberalisation. These are the use and abuse of anti-dumping measures; and new food, labour and environmental standards being used as protection mainly by the EU.²⁰

Antidumping provisions

- 3.31 Article 6 of the GATT(1994) allows countries to protect themselves from other countries 'dumping' goods in foreign market at prices lower than they would sell it in their own market.²¹ Unfortunately, DFAT explains, these anti-dumping provisions have been taken up with vigour in many countries.²²
- 3.32 Some view the use or abuse of anti-dumping provisions as a substantive threat to the WTO.
- 3.33 Another significant threat is the failure of leading developing economies to open their markets to those with a comparative advantage in agriculture.

¹⁸ Alan Oxley, *Transcript*, p 21.

¹⁹ Alan Oxley, *Transcript*, p 33.

²⁰ Alan Oxley, *Transcript*, p 33.

²¹ World Trade Organisation, *Understanding the WTO*, p 44.

²² DFAT, *Transcript*, p 37.

Non-science based technical barriers to trade

- 3.34 The other big issue under the heading of new protectionism is the growth of the use of non-science based technical barriers to trade.
- 3.35 This phenomenon is being pioneered by the European Union, according to Alan Oxley. The EU is 'tempering' its commitment to open markets with a range of new regulations, including: environmental, food and others.²³
- 3.36 He believes that the growth in this sort of back-door protectionism is 'the major threat to the global trading system that is emerging'.²⁴

Future importance of the dispute settlement process

- 3.37 A complementary difficulty which Alan Oxley foresees is that the dispute settlement process may in the future be called upon to address these types of problems.
- 3.38 It is not yet strong enough, however, to withstand these sorts of challenges.²⁵ Accordingly Oxley believes we should be starting to focus on strengthening the processes and making the WTO legal system stronger.²⁶

WTO reform timeframe

- 3.39 As suggested at the beginning of the chapter, all these reasons for the Cancun meeting's difficulties prompted questions of possible reform.
- 3.40 Within academic and popular discussion of the WTO there is much talk of reform.²⁷ Reform of such a body is not easy however. There are a range of options all of which have their difficulties. The consensus rule obliges members to reach unanimity or near

²³ Alan Oxley gives as examples environmental and food standards regulation but regulation in other fields are also being developed. *Transcript*, p 34.

²⁴ Alan Oxley, *Transcript*, p 34.

²⁵ Alan Oxley, *Transcript*, p 42.

²⁶ Alan Oxley, *Transcript*, p 34.

²⁷ See articles such as 'The WTO under fire', *The Economist*, 20 September 2003, 'The EU, Cancun and the future of the Doha Development Agenda', Pascal Lamy, 28 October 2003 (European Commission Website- http://europa.eu.int/comm/commissioners/lamy/speeches_articles/spla195_en.htm)

unanimity on decisions. Considering the diversity of interests and opinions, unanimity on major decisions will always be difficult.

- 3.41 In terms of this particular negotiating round, however, DFAT's position is more particular. While it agrees reform is an issue to be seriously considered at an appropriate time, it does not want it to be an unnecessary distraction to the current priority, namely restoring momentum to the negotiations.

Other global trade issues affecting the WTO

- 4.1 Some other issues emerged from the hearing. These issues were not directly related to Cancun or directly to aspects of the WTO, but nonetheless will likely have a bearing on the current negotiating round and the world trading system in the future.

Doha Round progress in 2004

- 4.2 In the United States the November 2004 presidential election is likely to slow American momentum in negotiations, not only through the shift in focus to domestic politics but also through the possible replacement of the US Trade Representative Bob Zoellick.
- 4.3 Similarly the EU is heavily engaged in preparing to integrate ten new member countries in 2004. This task involving the integration of some 75 million people is clearly a demanding one.¹ Internal pressures are likely to prompt review of some of its trade policies, such as the Common Agricultural Policy.² These are all likely to distract from the EU's focus on the WTO negotiating round.

¹JSCFADT, *Expanding Australia's trade and investment relations with the countries of Central Europe*, p 15.

²JSCFADT, *Expanding Australia's trade and investment relations with the countries of Central Europe*, p 24.

- 4.4 Additionally EU Trade Commissioner Pascal Lamy's term will expire in October 2004.³
- 4.5 WTO General Council Chair Carlos Perez del Castillo, Chair of the WTO Agriculture Negotiating Group Stuart Harbinson and chairs of the other WTO negotiating groups and bodies also stepped down in February 2004.
- 4.6 Japanese Ambassador Shotaro Oshima has subsequently been appointed the new chair of the General Council and New Zealand Ambassador Tim Groser the chair of the WTO Agriculture Negotiating Group until the next WTO Ministerial Meeting.

Multilateralism versus bilateralism in trade

- 4.7 In response to the difficulties in the multilateral arena, the gravity of trade liberalisation efforts have shifted somewhat in several regions towards bilateral or regional trade liberalisation.
- 4.8 This shift in gravity is partly true for Australia although the government remains committed to the Doha Round and the WTO. It views Australia's bilateral, regional and multilateral policies as 'mutually supportive means to a common end', not alternatives.⁴
- 4.9 This shift has also prompted a vigorous debate in the Australian media about the relative merits and costs of the two approaches.
- 4.10 The debate, which was reflected at the hearing, focuses on several issues as covered below.

Competitive liberalisation

- 4.11 This shift of focus to bilateral trade liberalisation is explained in terms of 'competitive liberalisation'⁵ - whereby the momentum for global trade liberalisation is enhanced or sustained through a range of bilateral and regional trade liberalisation deals. (See Appendix E for recent growth in Asia Pacific free trade agreements.)
- 4.12 This approach addresses the issue of what action a government can take when faced with a slow or stalled multilateral negotiating round.

³ DFAT, *Transcript*, p 30.

⁴ DFAT, *Advancing the National Interest*, p 7.

⁵ Alan Oxley, *Transcript*, p 42.

Should it wait for the conclusion of a multilateral round or should it pursue trade liberalisation through bilateral or regional free trade agreements.

- 4.13 Clearly the government has chosen to pursue liberalisation through bilateral, regional and multilateral means though it views these as mutually supportive means contributing to a common end – freer world trade.⁶
- 4.14 Alan Oxley believes the strategy of competitive liberalisation is already working to Australia's advantage. He cited Indonesia's recent interest in a trade liberalisation agreement with Australia⁷ as an example of a liberalising urge nurtured by Australia's recently concluded FTAs with the US, Singapore and Thailand.

'Multilateral only' approach to trade liberalisation

- 4.15 The second approach is more firmly focused on the benefits of multilateral trade liberalisation. The key issue in this case is whether the shift in gravity towards bilateral FTAs has detracted from the multilateral round.
- 4.16 Ross Garnaut believes this is the case. He believes some nations, including Australia and the US, have lost interest in multilateral liberalisation.⁸ He also argued that by shifting our focus away from multilateralism to bilateralism, we may detach ourselves from Asia.⁹ Clearly it is too early to tell whether or not this will occur.

Trade creation versus trade diversion

- 4.17 The arguments for and against the competitive liberalisation strategy usually centre on the relative economic benefits of FTAs – do they create more trade than they divert.
- 4.18 This of course is a complex, technical issue which cannot easily be resolved in such a forum. There was, however, some discussion about a relevant Productivity Commission report which addressed aspects of this complex issue.¹⁰

⁶ DFAT, *Advancing the National Interest*, p 7.

⁷ Alan Oxley, *Transcript*, p 42.

⁸ Ross Garnaut, *Transcript*, p 17.

⁹ Ross Garnaut, *Transcript*, p 17.

¹⁰ The report is entitled *The trade and investment effects of preferential trading arrangements – old and new evidence* (staff working paper), Productivity Commission, May 2003.

- 4.19 The World Bank, however, has developed a simple test for assessing the merits of preferential trade agreements (bilateral or regional).¹¹ This test was explained to the committee by Andrew Stoler. On the issue of the benefits of liberalising FTAs, he suggested two key questions should be asked:
- Whether or not the negotiating partners are intending to enter into an agreement that they would enter into multilaterally.
 - And whether the negotiating partners would be willing to extend that same liberalising agreement to others in the future.¹²
- 4.20 To date Australia's preferential trade deals have been positive forces for trade liberalisation.

Third wave trade liberalisation agreements

- 4.21 The Australian agreements with New Zealand (CER), Singapore, Thailand and the US are 'third wave' agreements which include trade liberalisation measures not yet incorporated in the WTO.¹³
- 4.22 Put simply, these agreements liberalise trade more than the current WTO round seeks to do and as such they comply with the letter and spirit of the relevant GATT and GATS articles pertaining to preferential trade deals.

Conclusion

- 4.23 DFAT believes the challenges Australia faces in this the Doha negotiating round are considerable.¹⁴
- 4.24 All countries involved in the process are hedging their bets. As Peter Drahos explains about the US, they like all countries adopt strategies to maximize their national interest in fora such as the WTO.¹⁵ It is important that Australia understand this and coordinate a strategy to respond accordingly.¹⁶

¹¹ WTO, *World Trade Report 2003*,

(http://www.wto.org/english/news_e/pres03_e/pr348_e.htm)

¹² Andy Stoler, *Transcript*, p 45. See also *World Trade Report 2003*, p 66.

¹³ Andy Stoler, *Transcript*, p 35.

¹⁴ DFAT, *Transcript*, p 47.

¹⁵ Peter Drahos, *Transcript*, p 44.

¹⁶ Peter Drahos, *Transcript*, p 44.

- 4.25 To increase the chances of success in the round, DFAT believes that the big players, the US and the EU, need to 'provide much clearer leadership in...negotiations', since the issues they must address are very much at the core of interests of all members.¹⁷
- 4.26 Four months after Cancun, it is interesting to note, renowned economist Jagdish Bhagwati is optimistic about the Doha round, 'None of the players, now that their passions are spent, have any interest in a failed Doha Round'.¹⁸
- 4.27 Echoing that sentiment for Australia, DFAT finished the hearing by saying that 'there is no real alternative for Australia other than a strong and active multilateral system'.¹⁹
- 4.28 The WTO is a complex and important organisation which protects small countries like Australia through its rules, disciplines and the dispute settlement process. There 'simply is no alternative on the future role of this organisation for the economic growth and prosperity of Australia'.²⁰

Senator Alan Ferguson
Chair
23 June 2004

¹⁷ DFAT, *Transcript*, p 47.

¹⁸ Jagdish Bhagwati, *Don't cry for Cancun*, Foreign Affairs, Vol 83 No. 1, Jan/Feb 2004.

¹⁹ DFAT, *Transcript*, p 47.

²⁰ DFAT, *Transcript*, p 47.



Appendix A – List of witnesses

Canberra – Monday 24 November 2003

ACIL Tasman Pty Ltd

Mr Gregory Cutbush, Senior Economist

Australian Bureau of Agricultural and Resource Economics

Dr Brian Fisher, Executive Director

Mr Troy Podbury, Principal Economist and Theme Leader, Agricultural Trade Reform

Department of Foreign Affairs and Trade

Mr Bruce Gosper, First Assistant Secretary, Office of Trade Negotiations

APEC Study Centre

Mr Alan Oxley, Chairman

Centre for International Economics

Mr David Pearce, Director and Principal Policy Analyst

Institute for International Business, Economics and Law, University of Adelaide

Mr Andrew Stoler

Others appearing in a private capacity

Professor Peter Drahos (Australian National University)

Ms Jane Drake-Brockman (Managing Director, Trade and Environment Solutions Pty Ltd)

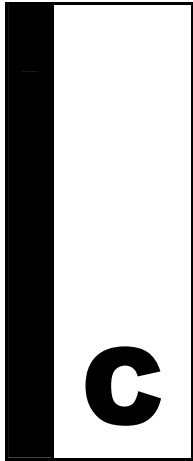
Professor Ross Garnaut (Australian National University)

B

Appendix B – WTO activities 2004

Date	Name Venue
12-13 January	Summit of the Americas Monterrey, Mexico
12-15 January	UNCTAD: Commission on Enterprise, Business Facilitation and Development Geneva, Switzerland
14-16 January	WTO: Trade Policy Review Body — United States of America
16-21 January	World Social Forum Mumbai, India
21-25 January	World Economic Forum Davos, Switzerland
26-30 January	UNCTAD: Commission on Investment, Technology and Related Financial Issues Geneva, Switzerland
26-31 January	UNCTAD: Séminaire TrainForTrade sur la Stratégie de mise en oeuvre d'une politique de la concurrence Luanda, Angola
28 January	OECD: Global Corporate Responsibility — FDI as Engine for Sustainable Development Berlin, Germany
29-30 January	OECD: "Science, Technology and Innovation for the 21st Century" Paris, France
4-6 February	WTO: Trade Policy Review Body — Gambia
4-7 February	Delhi Sustainable Development Summit New Delhi, India
9-13 February	UNCTAD: Commission on Trade in Goods and Services and Commodities Geneva, Switzerland
11-12 February	WTO: General Council
3-5 March	WTO: Trade Policy Review Body — Sri Lanka
4-5 March	WIPO: Seminar on the Madrid System of International Registration of Marks

	Geneva, Switzerland
15-19 March	WIPO: Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore Geneva, Switzerland
19-23 April	WIPO: Preparatory Working Group of the Committee of Experts of the Nice Union for the International Classification of Goods and Services for the Purposes of the Registration of Marks Geneva, Switzerland
26-30 April	8th Africa Oil and Gas, Trade and Finance Conference and Exhibition Marrakech, Morocco
10-14 May	WIPO: Standing Committee on the Law of Patents (SCP) Geneva, Switzerland
10-12 May	WTO: Trade Policy Review Body — Rwanda
13-14 May	WTO: General Council
25-27 May	WTO: Public Symposium Geneva, Switzerland
7-11 June	WIPO: Standing Committee on Copyright and Related Rights Geneva, Switzerland
8-10 June	Sea Island Summit (G8) Sea Island, Georgia, USA
13-18 June	UNCTAD: Eleventh session of the Conference São Paulo, Brazil
14-16 June	WTO: Trade Policy Review Body — Singapore
28-30 June	WTO: Trade Policy Review Body — Benin/Burkina Faso/Mali
12-14 July	WTO: Trade Policy Review Body — Belize/Suriname
29-30 July	WTO: General Council
15-17 September	WTO: Trade Policy Review Body — Korea
11-13 October	WTO: Trade Policy Review Body — Norway
20-21 October	WTO: General Council
8-10 November	WTO: Trade Policy Review Body — Jamaica
29 November - 1 December	WTO: Trade Policy Review Body — Brazil
15-17 December	WTO: Trade Policy Review Body — Switzerland/Liechtenstein



Appendix C – Current WTO members

Table C.1 Current WTO members

146 governments, as on 4 April 2003, with date of membership ("g" = the 51 original GATT members who joined after 1 January 1995; "n" = new members joining the WTO through a working party negotiation):

Albania 8 September 2000 (n)	Gabon 1 January 1995	New Zealand 1 January 1995
Angola 1 December 1996 (g)	Gambia 23 October 1996 (g)	Nicaragua 3 September 1995 (g)
Antigua and Barbuda 1 January 1995	Georgia 14 June 2000 (n)	Niger 13 December 1996 (g)
Argentina 1 January 1995	Germany 1 January 1995	Nigeria 1 January 1995
Armenia 5 February 2003 (n)	Ghana 1 January 1995	Norway 1 January 1995
Australia 1 January 1995	Greece 1 January 1995	Oman 9 November 2000 (n)
Austria 1 January 1995	Grenada 22 February 1996 (g)	Pakistan 1 January 1995
Bahrain 1 January 1995	Guatemala 21 July 1995 (g)	Panama 6 September 1997 (n)
Bangladesh 1 January 1995	Guinea Bissau 31 May 1995 (g)	Papua New Guinea 9 June 1996 (g)
Barbados 1 January 1995	Guinea 25 October 1995 (g)	Paraguay 1 January 1995
Belgium 1 January 1995	Guyana 1 January 1995	Peru 1 January 1995
Belize 1 January 1995	Haiti 30 January 1996 (g)	Philippines 1 January 1995
Benin 22 February 1996 (g)	Honduras 1 January 1995	Poland 1 July 1995 (g)
Bolivia 13 September 1995 (g)	Hong Kong, China 1 January 1995	Portugal 1 January 1995
Botswana 31 May 1995 (g)	Hungary 1 January 1995	Qatar 13 January 1996 (g)
Brazil 1 January 1995	Iceland 1 January 1995	Romania 1 January 1995
Brunei Darussalam 1 January 1995	India 1 January 1995	Rwanda 22 May 1996 (g)
Bulgaria 1 December 1996 (n)	Indonesia 1 January 1995	Saint Kitts and Nevis 21 February 1996 (n)
Burkina Faso 3 June 1995 (g)	Ireland 1 January 1995	Saint Lucia 1 January 1995
Burundi 23 July 1995 (g)	Israel 21 April 1995 (g)	Saint Vincent & the Grenadines 1 January 1995
Cameroon 13 December 1995 (g)	Italy 1 January 1995	Senegal 1 January 1995
Canada 1 January 1995	Jamaica 9 March 1995 (g)	Sierra Leone 23 July 1995 (g)
Central African Republic 31 May 1995 (g)	Jordan 11 April 2000 (n)	Singapore 1 January 1995
Chad 19 October 1996 (g)	Japan 1 January 1995	Slovak Republic 1 January 1995
Chile 1 January 1995	Kenya 1 January 1995	Slovenia 30 July 1995 (g)
China 11 December 2001 (n)	Korea 1 January 1995	Solomon Islands 26 July 1996 (g)
Colombia 30 April 1995 (g)	Kuwait 1 January 1995	South Africa 1 January 1995
Congo 27 March 1997 (g)	Kyrgyz Republic 20 December 1998 (n)	Spain 1 January 1995
Costa Rica 1 January 1995	Latvia 10 February 1999 (n)	Sri Lanka 1 January 1995
Côte d'Ivoire 1 January 1995	Lesotho 31 May 1995 (g)	Suriname 1 January 1995
Croatia 30 November 2000 (n)	Liechtenstein 1 September 1995 (g)	Swaziland 1 January 1995
Cuba 20 April 1995 (g)	Lithuania 31 May 2001 (n)	Sweden 1 January 1995
Cyprus 30 July 1995 (g)	Luxembourg 1 January 1995	Switzerland 1 July 1995 (g)
Czech Republic 1 January 1995	Macao, China 1 January 1995	Chinese Taipei 1 January 2002 (n)
Democratic Republic of the Congo 1 January 1997 (g)	Madagascar 17 November 1995 (g)	Tanzania 1 January 1995
Denmark 1 January 1995	Malawi 31 May 1995 (g)	Thailand 1 January 1995
Djibouti 31 May 1995 (g)	Malaysia 1 January 1995	Togo 31 May 1995 (g)
Dominica 1 January 1995	Maldives 31 May 1995 (g)	Trinidad and Tobago 1 March 1995 (g)
Dominican Republic 9 March 1995 (g)	Mali 31 May 1995 (g)	Tunisia 29 March 1995 (g)
Ecuador 21 January 1996 (n)	Malta 1 January 1995	Turkey 26 March 1995 (g)
Egypt 30 June 1995 (g)	Mauritania 31 May 1995 (g)	Uganda 1 January 1995
El Salvador 7 May 1995 (g)	Mauritius 1 January 1995	United Arab Emirates 10 April 1996 (g)
Estonia 13 November 1999 (n)	Mexico 1 January 1995	United Kingdom 1 January 1995
European Union 1 January 1995	Moldova 26 July 2001 (n)	United States 1 January 1995
Fiji 14 January 1996 (g)	Mongolia 29 January 1997 (n)	Uruguay 1 January 1995
Finland 1 January 1995	Morocco 1 January 1995	Venezuela 1 January 1995
Former Yugoslav Republic of Macedonia 4 April 2003 (n)	Mozambique 26 August 1995 (g)	Zambia 1 January 1995
France 1 January 1995	Myanmar 1 January 1995	Zimbabwe 3 March 1995 (g)
	Namibia 1 January 1995	
	Netherlands — including Netherlands Antilles 1 January 1995	

Observers

Algeria	Ethiopia	Serbia and Montenegro
Andorra	Holy See (Vatican)	Seychelles
Azerbaijan	Kazakhstan	Sudan
Bahamas	Lao People's Democratic Republic	Tajikistan
Belarus	Lebanese Republic	Tonga
Bhutan	Nepal	Ukraine
Bosnia and Herzegovina	Russian Federation	Uzbekistan
Cambodia	Samoa	Vanuatu
Cape Verde	Sao Tome and Principe	Viet Nam
Equatorial Guinea	Saudi Arabia	Yemen

Note: With the exception of the Holy See, observers must start accession negotiations within five years of becoming observers.

Source *Understanding the WTO*¹

1 http://www.wto.org/english/thewto_e/whatis_e/tif_e/tif_e.htm



Appendix D – Trade related development assistance by the Australian government

Item D.1 Government media release on trade related assistance

Wednesday 13 March 2002 / MVT17/2002

Australia Supports Developing Countries in the WTO¹

Australia is taking the initiative in helping developing countries participate in the Doha round of World Trade Organisation negotiations, Trade Minister Mark Vaile said today after the WTO Global Trust Fund Pledging Conference in Geneva earlier this week.

“Australia will commit \$460,000 to the Doha Development Agenda Global Trust Fund. Australia’s pledge comes on top of approximately \$28 million in trade-related technical assistance and capacity building activities which we provided to developing countries last year,” Mr Vaile said.

The WTO Global Trust Fund aims to secure funding to address technical assistance needs stemming from the Doha Declaration. .

“Australia has a vital interest in ensuring the Doha rounds succeeds in bringing down trade barriers around the world. Developing country participation is fundamental to the Doha round’s success,” Mr Vaile said.

“On many issues we need to work hand in hand with developing country members to achieve our objectives. For example, the Cairns Group, which Australia chairs, has 14 developing countries among its 17 members.

1 http://www.trademinister.gov.au/releases/2002/mvt017_02.html

“It is in our interest, and the interest of developing country governments, that they can pursue their interests in the negotiations effectively.

“This is just one part of our efforts to ensure that we keep our side of the Doha Development Agenda bargain.

- We have provided \$500,000 to the Agency for International Trade Information and Cooperation (AITIC), to support developing country non-resident WTO members, especially those in our region, to better understand and interact with the WTO.
- We will deliver a training program for African trade negotiators in May 2002, in South Africa, to assist African policy makers to maximise their engagement in trade negotiations. Australia will co-fund the course with the South African Government.
- We will look to conduct further trade policy training in Africa and in our region.

“We firmly believe training and assistance is necessary to help developing countries maximise their participation in negotiations.

“But real and sustainable economic growth in developing countries requires meaningful market access, and reform of trade-distorting measures, particularly in agriculture. This is what Australia hopes to achieve in the Doha round.”

Item D.2 AusAID information on trade related development assistance

Direct trade-related assistance²

Increasing participation by developing countries in global trade can be a catalyst to poverty reduction.

Last financial year we spent around \$24.4 million on trade-related assistance in the areas of trade policy development and training, strengthening of customs and quarantine procedures, taxation and tariff reform, trade and tourism promotion, and investment development policy.

Support for trade policy development and training has almost trebled in recent years, linked to a greater emphasis on technical trade-related capacity building.

2 <http://www.ausaid.gov.au/keyaid/gover.cfm#trade>

Between 1996-97 and 2002-03 funding for trade related technical assistance and capacity building increased by more than 55 per cent. In 2002-03, the Australian aid program spent \$28 million on direct trade and development activities to support developing countries in the areas of trade policy, trade facilitation, tariff and taxation reform, trade and tourism promotion and investment support. For example, the aid program provided \$7.7 million in 2002-03 to develop more effective customs and quarantine services in several countries in the Asia-Pacific region.

E

Appendix E – Asia-Pacific free trade agreements

Table E.1 Asia Pacific free trade agreements before 1998

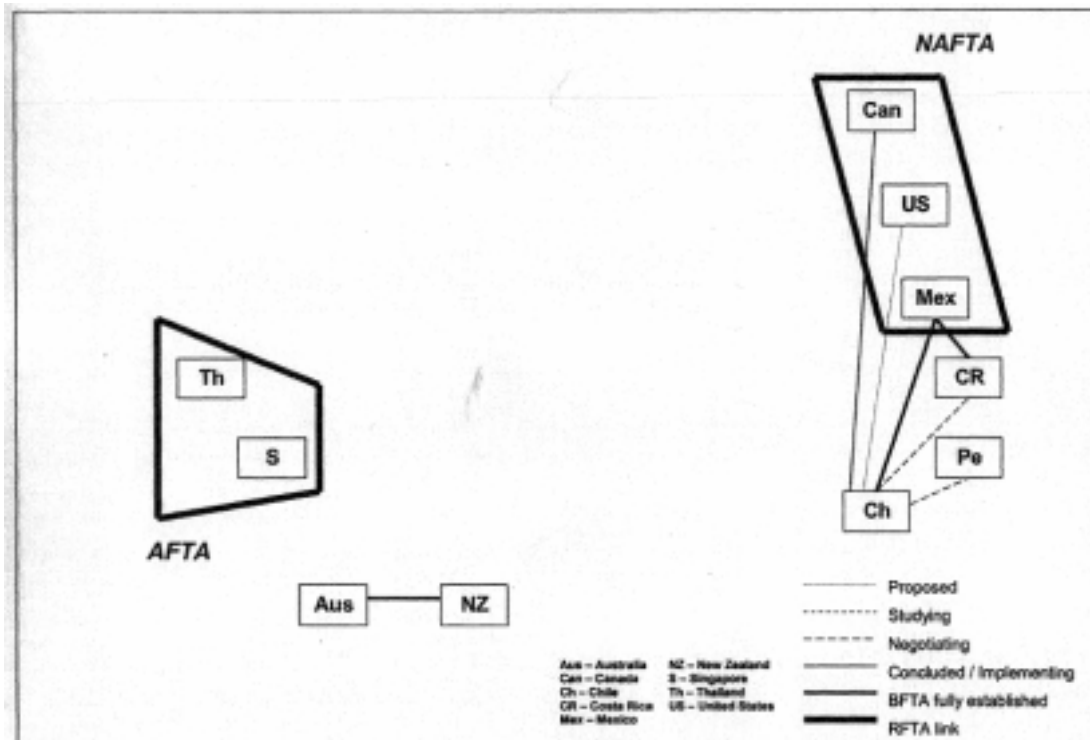


Table E.2 Asia Pacific free trade agreements by the end of 1999

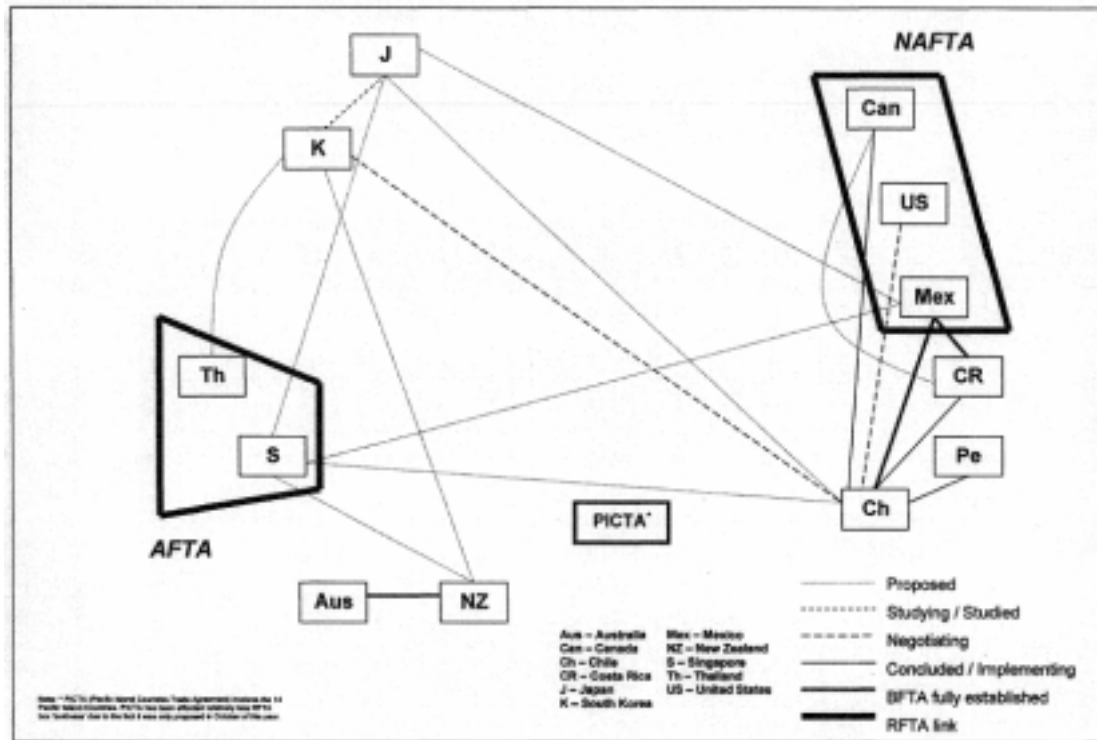


Table E.3 Asia Pacific free trade agreements by end of 2000

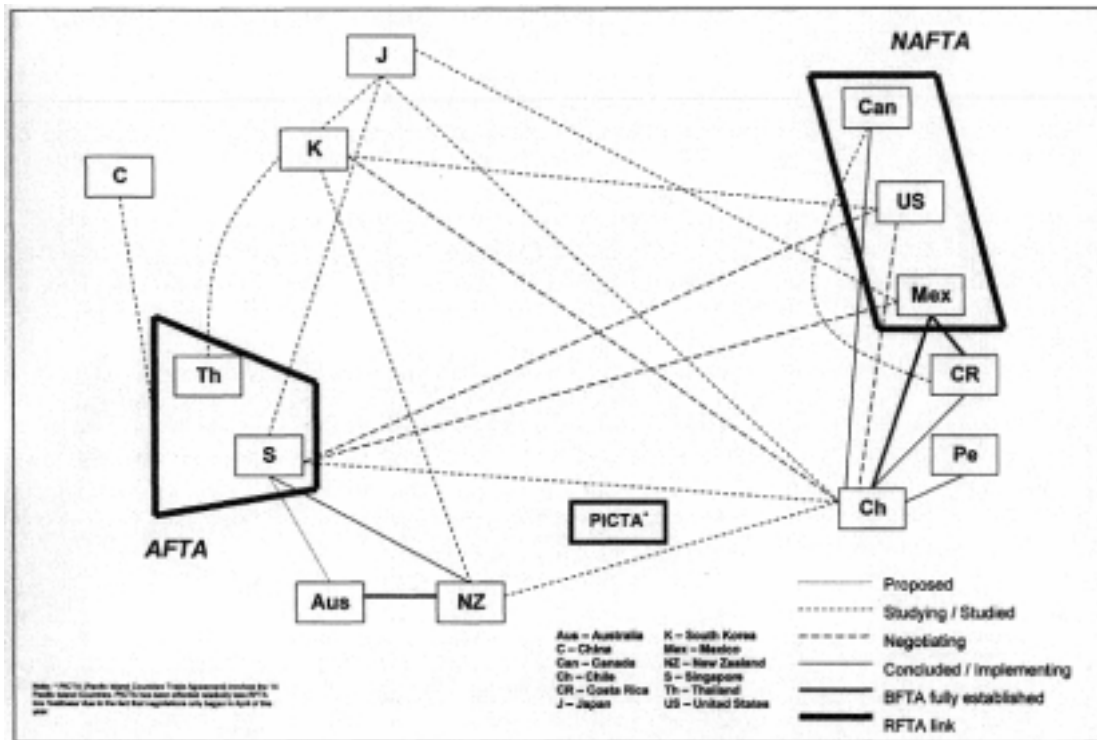


Table E.4 Asia Pacific free trade agreements by end of 2001

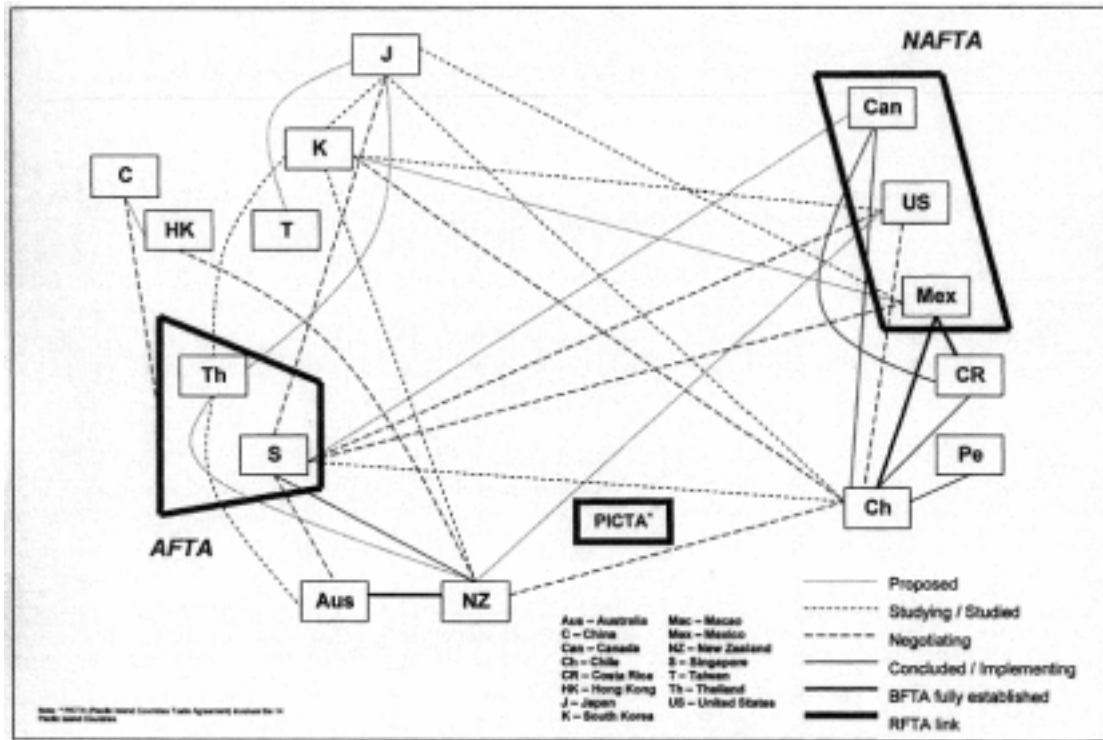


Table E.5 Asia Pacific free trade agreements by end of 2002

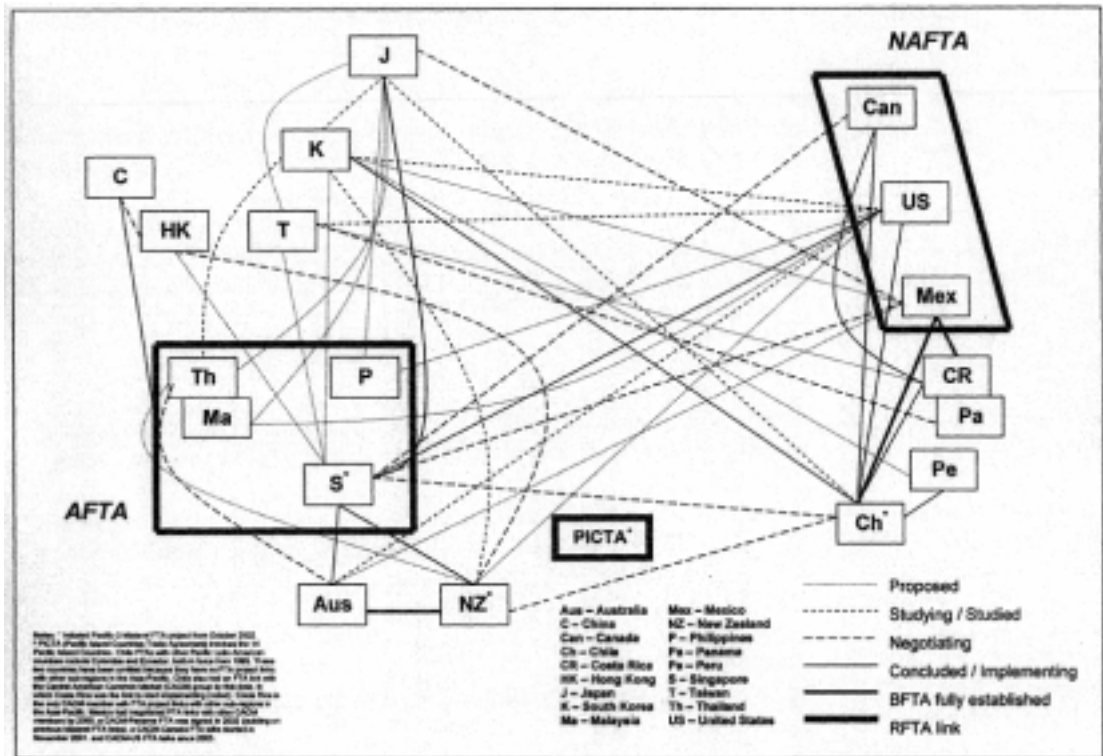


Table E.6 Asia Pacific free trade agreements by mid 2003

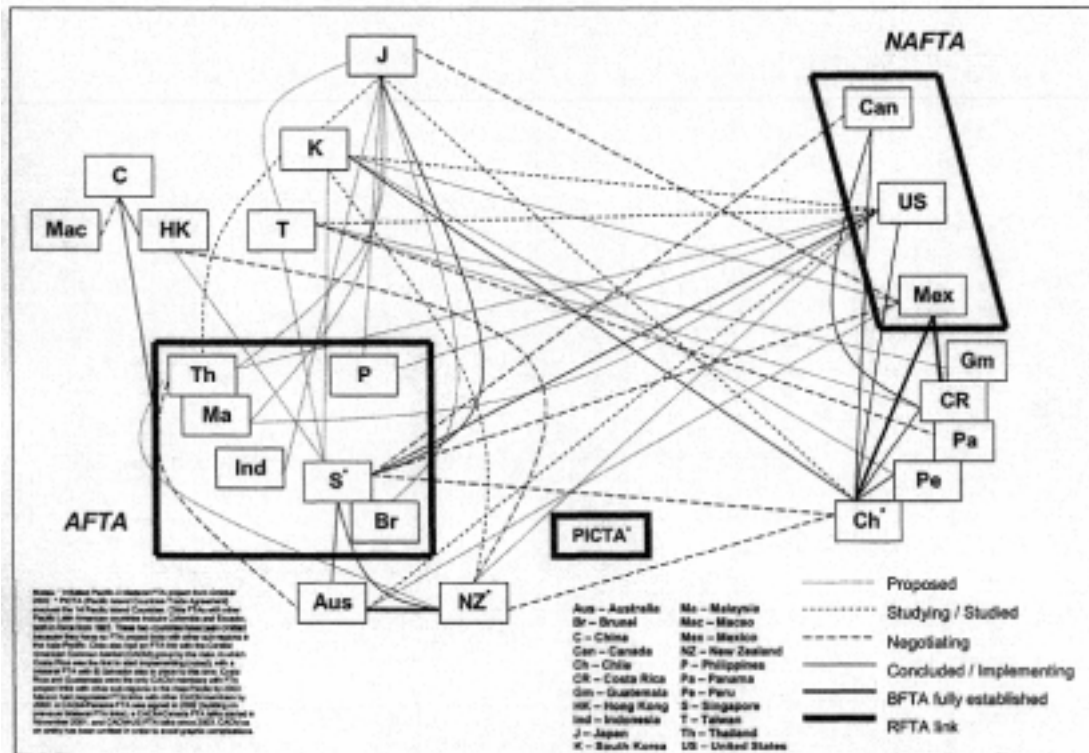


Table E.7 Asia Pacific free trade agreements by end of 2003

