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ICC Bangladesh

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Editor's Note

The Hong Kong Ministerial .....

Long before its start, there was a strong pessimism about the outcome of the WTO Ministerial Conference in Hong Kong as the ghost of Cancun continued to haunt everyone involved in the multilateral trade talks. As the end of the negotiations approached, there was a sense of urgency among the key players to come out with a declaration --- however, meaningless and face-saving --in order to save the Hong Kong event from becoming another Cancun. The deal, most part of which remain very much clouded, was possible when the European Union and the USA had made fresh pledges to cut export subsidies by 2013 on agricultural produces and open their markets to increased number of products from the world's poor nations, known as LDCs. Many however, are still suspicious about the move of the rich nations. They fear that developed nations would now penetrate into the markets of poor nations in a big way to sell their goods and services while conceding little on key subsidies and access to their own markets. These affluent countries are likely to continue their domestic subsidies, which is estimated at over US$ 300 billion annually, much to the detriment of poor developing nations' farm produces.

Bangladesh could not gain anything special from the Hong Kong Ministerial. Rather, it stands to lose from the agreement reached on cutting subsidy on farm products; as it is a net food importing country. Moreover, the USA has refused to grant duty-free and quota-free access to Bangladesh RMGs to its market in accordance with the agreement to grant the facility to 97 per cent LDC exports. What was most unexpected was the non-cooperation of the two SAARC members, namely, Pakistan and Sri Lanka in achieving duty and quota free market access of garments from Bangladesh in particular to the US. The stance of these two countries was clearly a violation of the Declaration adopted for cooperation at the 13th SAARC Summit held in Dhaka in November 2005. The Governments agreed that the SAARC member states would 'work closely together to coordinate their position' in the ongoing negotiations on trade and directed the commerce ministers to hold consultations on the sidelines of the WTO Ministerial to evolve a common SAARC position on issues of common interest.

ICC, *The world business organisation* while commenting on the outcome of the Hong Kong Ministerial, welcomed the deal, but observed that the package of measures adopted 'decidedly modest'. The ICC maintained that the Doha Round is now faced with an uphill task to reach its successful completion. The World Chamber was right in its observation that the challenges to resolving the problems relating to multilateral trade talks were more political in nature than technical and would require political will of the governments at the highest level to make 'compromises that recognise the common interest in success' and 'the collective cost of failure'. The ICC Bangladesh also recognises the fact that free and fair multilateral trade deals must be accomplished at any cost to off-set the proliferation of discriminatory bilateral free trade deals.

There is no substitute of skills in negotiation, and diplomatic initiatives are absolutely essential to convince the countries that matter. Bangladesh that performed poorly at the Hong Kong Ministerial must now build up its negotiating capacity and draw its strategies with strong backing from all stakeholders and approval from the top decision makers and the parliament; to makeup for the past losses during final phase of Doha Round in the coming months.

A total of 149 trade ministers will meet again between April and July in 2006 to resolve what has been swept under the carpet temporarily and meet the deadline for completing the much-talked-about Doha Development Round (DDA). But achieving these objectives will not be that easy either. There will be a lot of 'ifs' and 'buts' from the conflicting interest groups when negotiations reach their crucial stage.

Like in many countries it would be appropriate for Bangladesh to consider having a separate division in the Commerce Ministry headed by a Secretary to deal with WTO and foreign trade issues. Besides, more support and additional resources are necessary for strengthening the WTO cell and Bangladesh Mission in Geneva. The Bangladesh Foreign Trade Institute (BFTI), the first-ever public-private collaborative institution, could act as the think-tank to deal with trade related issues, but unfortunately it could not take-off in the past two years.

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The world business organisation

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ICC Bangladesh News

ICC Review Meeting on Hong Kong Ministerial

Public-private move required to salvage WTO losses

The country's key export items may not get any duty- and quota-free market access to the developed economies, unless a public-private sector joint drive is immediately launched to gain the maximum possible benefits from the rest of the Doha Round negotiations, suggested by experts during ICC Roundtable on WTO Hong Kong Ministerial: Impact on LDCs held on December 22 at the MCCI Conference Hall organised by ICC Bangladesh.

In his opening remarks, ICC Bangladesh President Mahbubur Rahman said the developed countries have sacrificed but achieved very little in the just concluded Hong Kong talks, as they agreed to shed only 3.5 percent of their export subsidy by 2013 and remained rigid on continuing with the $300 billion domestic subsidy. He emphasised a comprehensive, all-out, preparation for negotiation in the upcoming meetings to ensure gains in the areas like agriculture and non-agriculture market access, service sector and free movement of natural persons.

The speakers advised that the national WTO team should try to secure the highest possible advantages from the trade packages like Aid for Trade, Non-Agriculture Market Access (NAMA) and Trade-Related Investment Measures (TRIMS).



Mahbubur Rahman (2-L), President of the International Chamber of Commerce-Bangladesh (ICCB), speaks at a review meeting on 'WTO Hong Kong Ministerial: Impact on LDCs' organised by ICC Bangladesh. From left Samson H Chowdhury, Vice-President, ICCB, Faruk Ahmed Siddique, Commerce Secretary, and Debapriya Bhattacharya, Executive Director of Centre for Policy Dialogue, are also seen.

Business leaders, government officials, economists and trade experts participated in the meeting chaired by ICC- Bangladesh President Mahbubur Rahman.

Commerce Secretary Faruk Ahmed Siddique said, "Our major worry is that the developed nations, especially the USA, may keep all Bangladeshi apparel products out of the duty-free list."

However, he said, Bangladesh still has some chances for inserting some of its textile items on their duty-free lists, as the Hong Kong Declaration allows the least developed countries (LDCs) to identify their products to get the benefit through negotiations. Faruk urged all concerned including the chamber leaders to work hard to avail of the maximum gain from the next negations in Geneva and Washington, where the products for the negative list will be identified.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Tipu Munshi urged the government and others concerned to lobby for the enactment of the US Trade Act Bill 2005, which proposes duty and quota-free market access for Bangladesh's apparels. Former BGMEA president Annisul Huq asked the government to take measures that would scale down the production cost of readymade garments and thus increase their market competitiveness.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Haque criticised the Bangladesh delegation to the Hong Kong Ministerial for having no benchmark for what it wanted to gain from the negotiations. But, Bangladesh still has some opportunities to redress its failure in Hong Kong, he added.

Criticising Pakistan and Sri Lanka for their roles detrimental to Bangladesh's interests in the Ministerial, Dhaka Chamber of Commerce and Industry President Sayeeful Islam remarked, "It's now proven that there is no permanent

friend or foe in the world trade." He regretted that "The country [Bangladesh] had no empirical study on the WTO members and what alternative courses of action were there for development."

Former Deputy Prime Minister Jamal Uddin criticised the government for failing to secure the support of Pakistan and Sri Lanka to Bangladesh's interests, despite hosting the 13th SAARC Summit in November.

Centre for Policy Dialogue (CPD) Executive Director Debapriya Bhattacharya expressed the apprehension of a possible political inaction in the WTO process in 2006, when the country will undergo a political transition. "We saw a political numbness in 2001 and are afraid of a similar experience during the crucial WTO negotiations in the next year," he said. Debapriya recommended taking a political mandate by involving parliament in the WTO process, and forming a national committee to read and interpret the WTO Declaration from Bangladesh's point of view to the cabinet. He also suggested providing more resources and support to the WTO cell, appointing a separate secretary to deal with the WTO issues, strengthening the Geneva Mission and involving the finance ministry in the WTO process for protecting local industries.

Former adviser to caretaker government Rokia A Rahman suggested introduction of a separate think-tank in the government as well as coaching and training of the personnel concerned to raise their negotiation skills. Rokia also urged the government to attract more foreign direct investments into the export-oriented sectors and to allocate subsidies in the agriculture and fisheries sectors for diversifying the country's export basket.

Former adviser to caretaker government and BRAC Executive Director Abdul Muyeed Chowdhury suggested closing of bonded warehouse and scraping cash incentives for the readymade garments and textile sectors to do away with the country's huge black economy. He said, "Around Tk 1,500 crore will disappear from the black economy if the government abolishes the bond facility and cash incentives."

Former industries secretary Hasnat Abdul Hye, ICCB V.P & Square Group Chairman Samson H Chowdhury, MCCI Secretary General C.K. Haider, Bangladesh Ceramic Industries Association Chairman Rashed Maksud Khan, Columnist Sadeq Khan, CPD Research Director Mustafizur Rahman, former chairman of Tariff Commission Mohammad Ali Taslim, Bangladesh Chamber of Industries President A. K. Azad and Bangladesh Textile Mills Association Chairman M. A Awal also spoke at the meeting.

29th Meeting of the ICCB Executive Board

The 29th Meeting of the ICC- Bangladesh Executive Board was held on December 31 in the Board Room of the National Secretariat. Presided over by its President Mahbubur Rahman the meeting was attended by 14 out of 17 members. Those who attended included: Vice Presidents Latifur Rahman and Samson H. Chowdhury and eleven distinguished Board Members, namely A. S. M. Quasem, Aftab-ul Islam, Kutubuddin Ahmed, M. Ami nuzzaman, Mahbubu Jamil, Mamun Rashid, Masih Ul karim, Nasir A. Chowdhury , R. Maksud Khan, Syed Manzur Elahi and Waliur Rahman Bhuiya.

The President presented before the Board the proposed Plan of Action and Budget for 2006. The other items discussed during the Meeting were shifting of the ICC Bangladesh National Secretariat to its own premises from January 1, 2006, holding of Annual Council of ICC Bangladesh and operation of Bangladesh International Arbitration Centre (BIAC). The Board approved the budget and action plan for 2006 and suggested for holding the Annual Council on March 25.

The Board expressed their thanks to the President for successfully holding the first ever Regional Seminar on Capital Market Development: Asian Experiences. It was suggested that the Secretariat should continue its efforts for arranging such seminar/workshop for promotion of the Capital Market, which is considered vital for development of a country.



ICCB President, Vice-Presidents, Members of the Executive Board and officials are seen after the 29th meeting of the Board.

The Action Plan approved by the Board for 2006 will include the following activities:

Workshops/Seminars

- Workshop on Treasury Management
- Seminar on Marketing for Growth
- Workshop on International Trade Products
- Workshop on L/C Fraud, Maritime Fraud, Counterfeiting and Its Prevention
- Workshop on Credit Risk Management & Basel II
- Workshop on Capital Market Development

Business Dialogues

- Round Table Discussion on "Moving Into the New UCP"
- Customs Regulations, Reforms & Modernisation for Trade Facilitation
- Roundtable on Sustainable Capital Market for Growth
- Role of Arbitration for Settlement of Business Disputes
- Annual Council Meeting 2005

Publications

- News Letters
- Media Blitz
- Annual Report
- Business Directory 2006

The President thanked all the members for attending the Fourth and last Meeting of the year at its present location at DCCI. He hoped that the distinguished Board members would continue to provide their support and guidance in promotion of the ICC Bangladesh activities.

International Civil Society Forum

For advancing LDC Interests in the Sixth WTO Ministerial

A three-day International Civil Society Forum 2005--For Advancing LDC Interests in the Sixth WTO Ministerial was held in Dhaka on October 3-5 with a call for providing market access to the LDC products in the developed and developing countries. ICC Bangladesh President Mahbubur Rahman who is also the Chairman of the National Advisory Committee of the LDC Forum 2005, while delivering his speech noted that the objective of the Forum was to voice the concerns of the international civil society over the increasing marginalisation of the LDCs, and its apprehension that business as usual will not serve the purpose of safeguarding the interest of the least developed countries (LDCs).

ICCB President urged for identifying common grounds to address the concerns of the LDCs in the context of the Sixth WTO Ministerial Conference. He felt that the Forum should shed light on trade policy reforms within the LDCs and also focus on trade, poverty and governance nexus within these countries. He emphasised on the importance of the CPD initiative and hoped that the Forum will raise awareness in Bangladesh and abroad about the concerns of LDCs in the context of Doha round negotiations.

Earlier the Bangladesh Commerce Minister Altaf Hossain Choudhury, as chief guest at the inaugural session of the forum said, "There remains much to be done to reverse the continued marginalisation of the least developed countries (LDCs). Our hopes and aspirations have been shattered by a sense of frustration and disappointment," He further said that

the facilities offered by the developed countries under preferential tariff margin are often nullified by the application of non-tariff barriers (NTBs).

Special messages from Pascal Lamy, director general (DG) of the World Trade Organisation (WTO), Dr Supachai Panitchpakti, secretary general of UNCTAD and immediate past DG of the WTO were read out at the inaugural session of the event. Ambassador Love Mtesa, Zambia's permanent representative at the WTO, read out a message from Zambian Trade Minister Dipak Patel, also spokesperson of the LDC at the WTO.



(From left) Debapriya Bhattacharya, Executive Director of Centre for Policy Dialogue (CPD), Love Mtesa, Permanent Representative of Zambia in WTO, Mahbubur Rahman, President ICCB, Chairman of National Advisory Committee of the LDC Forum 2005, Altaf Hossain Choudhury, Commerce Minister, and Annet Blank, Counsellor and Head of Least Developed Countries Unit, WTO, are seen at the inaugural session of the three-day 'International Civil Society Forum 2005'.

Supachai Panitchpakti in his message said civil society has an important responsibility in its advocacy role about the marginalisation of the LDCs in the global economic system. More important perhaps is ensuring the active participation of the LDCs in the negotiations at all stages, he said. There is no substitute for this in articulating and defending one's interests. "But we also need to look beyond trade negotiations and improve the productive capacity in Least Developed Countries," said the UNCTAD secretary general's message, read out by Toufiq Ali, Bangladesh's permanent representative at the WTO.

In his introductory speech, Debapriya Bhattacharya, executive director of the CPD, said the road to the Hong Kong Ministerial promises to be both slippery and bumpy. LDCs are not a black hole, as some would like to project them, he said. "What we need is support of the global institutions such as the WTO to help us actualise the potentials about which we are aware, potentials which we are capable of realising."

Aftab Alam Khan from Action Aid International of Pakistan said there is much uncertainty about the Hong Kong Ministerial with no clear roadmap for the meet to be held in December. "We fear the wave of divide and rule." Dr Floor Smakman of the EU-LDC Network in the Netherlands said signs of the Hong Kong meet are not altogether positive. The inaugural session was also addressed by Cheikh Tidiane Dieye of Enda Tiers Monde of Senegal, Ricardo Melendez-Ortiz, executive director of International Centre for Trade and Sustainable Development of Switzerland, Anil Prabhakar Tambay, country representative of Oxfam GB of Bangladesh, Pradeep S Mehta, chairman of Advisory Board of South Asia Watch on Trade, Economics and Environmentof Nepal and Nathan Irumba, adviser, Southern and Eastern African Trade Information and Negotiations Institute of Uganda.

Reaz Rahman, adviser of the foreign ministry, Faruq Ahmad Siddiqi, commerce secretary, Khushi Kabir, co-chair of National Advisory Committee (NAC) and coordinator of Nijera Kori, and representatives of other co-organisers also spoke in the concluding session. Around 50 representatives from 26 countries participated at the Forum organized by the Centre for Policy Dialogue (CPD) at Sheraton Hotel.

At the end of the three days meeting The International Civil Society Forum adopted Dhaka Declaration 2005, reiterating the demands of the least developed countries (LDCs) for providing duty and quota-free access of their products to the developed countries.

Dhaka Declaration of the International Civil Society Forum 2005

LDC Priorities for the Hong Kong Ministerial

- Ensure the 'developmentness' of the 'Doha Development Round' in all negotiations
- Duty-free and quota-free market access in developed country markets, bound in the WTO and with flexible rules of origin, for all LDC export products
- Developing countries in a position to do so are requested to accord zero-tariff market access for all products from LDCs, on a non-reciprocal basis, with a view to strengthening South-South economic cooperation
- Exemption from all trade remedy measures for all LDC exportables
- Adequate measures to compensate for preference erosion in view of tariff reduction
- Flexibility for LDCs in agriculture policy to enable these countries to protect their domestic agriculture sectors, safeguard food security and livelihood of the farmers
- Ensure market based price for all agricultural products in the developed countries by phasing out all types of market distorting supports. In this context, adequate measures should be taken to address the concerns of net food importing LDCs
- Humanitarian food aid must not be hampered because of any provision in the Agreement
- Phase out the subsidies given to cotton growers in the developed countries
- WTO-TRIPS Agreement should not in any way constrain access to essential medicines in LDCs
- Protect the rights of farmers, indigenous people and local communities, and ensure benefit sharing arrangements in the patent process and in other forms of intellectual property rights (IPRs)
- Free temporary movement of service providers from LDCs including less skilled workers under GATS Mode-4
- Subsidies maintained by LDCs for upgradation of technology and diversification of industrial base must be made "non actionable"
- Resolution of all 'Implementation' related issues prior to consideration of any new commitment on the part of the LDCs
- A framework agreement on Special and Differential Treatment (S&DT) premised on the level of development, and incorporation of mandatory obligations on the part of developed countries to implement S&DT provisions
- Accession of LDCs to the WTO under conditions no less favourable than those that apply to existing LDC members
- Transparent and fully inclusive decision making during the run-up to and at the Hong Kong Ministerial
- Strengthening of Integrated Framework Initiative and provision for adequate and effective technical and financial assistance for LDCs to build trade related supply-side capacities
- Equitable distribution of benefits from trade through practice and promotion of good governance, social justice, transparency and accountability by the LDC governments
- Uphold unity of LDCs in the multilateral trading negotiations

ICCB Vice President Latifur Rahman elected MCCI President

Mr. Latifur Rahman, Vice-President, ICC-Bangladesh and a leading industrialist has been unanimously elected as the President of the Metropolitan Chamber of Commerce & Industry (MCCI) for the year 2006-2007.

A leading entrepreneur Mr. Rahman has investments in jute, tea, pharmaceuticals, insurance, electronics, news media, etc. He took over the presidency on 31st December 2005.

Mr. A. K. M. Rafiqul Islam, FCA Member of ICC-Bangladesh and Managing Director of Pragati Insurance Limited has been reelected as the Vice-President for the same period.

Berger Paints enters Bangladesh Capital Market

Berger Paints Bangladesh Limited, one of the multinational member company of ICC-Bangladesh, floated Initial Public Offering (IPO) in Bangladesh for 1,159,500 ordinary shares of Tk.120.00 each including a premium of Tk.110.00 each on November 8. It was reported that on closing of subscription on November 14, it was over subscribed by nine times. Berger is one of the oldest names in the paint industry dating back more than 200 years to 1760. Berger Paints Bangladesh Limited was incorporated on June 6, 1973 as a private limited company limited by shares. The Company was converted into a public limited by shares on June 21, 2005 under the Bangladesh Companies Act, 1994. The authorised capital of the Company is Tk.400 million divided into 40 million ordinary shares of Tk.10 each, out of which 22,029,440 ordinary shares of Tk.10 at par, each, were issued and fully paid-up by the sponsor director/shareholders.

It may be mentioned that shares of a number of ICC-Bangladesh multinational member companies, namely, Bata Shoe Company (Bangladesh) Ltd., BOC Bangladesh Limited, Lafarge Surma Cement Limited and Singer Bangladesh Limited are also traded in Dhaka and Chittagong exchanges.

KAFCO records 94% increase in profit

The Karnafulli Fertilizer Company Limited (KAFCO), a mamber of ICC-Bangladesh made a net profit of US$63.5 million after tax during the year 2004-05. This was reported during the 24th Annual General Meeting of KAFCO held on October 19, 2005. Compared to the previous year profit of US$32.8 million, the 94% increase in profit was due to higher Urea prices in the global market and record-breaking production performance at KAFCO's Amonia and Urea plants. It was also reported that the shareholders, including the Bangladesh Government with its 43% share, expect their first dividends in 2006. During the period KAFCO paid US$12 million as income tax and US$50 million for gas. As a result of good performance the company is now close to having repaid all of its loans, it was mentioned.

Third BAC Meeting held in Bangkok

The third Meeting of the UNESCAP Business Advisory Council(BAC) was held in Bangkok on November 11. The Meeting presided over by Mr. Kim Hak-Su, Under-Secretary General of the United Nations and Executive Secretary, UNESCAP was attended by seven members of BAC. The Executive Secretary opened the Meeting by welcoming Mr. Gengchen Han, Founder Chairman and CEO of Origin Seed Technology Inc.,China as a new BAC member as well as Mr. Noke Kiroyan, Chairman, Rio Tinto Indonesia , who had agreed to co-chair the meeting in the absence of Mr. Mahbubur Rahman, Chairman & CEO of ETBL Holdings and President, ICC-Bangladesh.

The first agenda item focused on the reform agenda of the United Nations. The Executive Secretary and the Deputy Executive Secretary briefed BAC members on the outcome of the "2005 World Summit". A clear message from the Summit is that development, security and human rights are inseparable, and thus have to go together. The Summit also strongly supported the MDGs. The main elements of summit outcome can be categorized under the following six areas: development; peace and security; human rights, democracy and rule of law; environment; management reform; and private sector.

Under the second agenda item, "handling turbulence", recent developments as regards the Bird Flu, oil price increase, Yuan revaluation, and trade in textiles and clothing after the phasing out of the Multi-fibre Agreement were discussed. In the case of the Bird Flu, it was noted that there is a need to increase surveillance, to spread awareness to the public, to establish an "early warning system", as well as to increase the moral pressure on companies in possession of technologies to prevent fatalities, without stifling innovation. As to the oil-price increase, it was noted that alternative energy sources, in particular at village level, need to be promoted. It was remarked that the Yuan revaluation had been done in a progressive manner, and that what happens with the US dollar could have a serious effect on the world economy.

The third agenda item concerned the organization and proposed agenda of the Asia-Pacific Business Forum (APBF) 2006, with BAC members advising on the importance to ensure a take-home value for business, and more government involvement, preferably at ministerial level. Moreover, sessions should be focusing on different aspects of "overcoming impediments for development", such as bureaucratic red tape (noting that it might have to be phrased differently), insufficient infrastructure, low competitiveness, etc.

The fourth agenda item provided follow-up to the issues discussed at the last meeting, as well as information about a successful case of a public-private partnership for solid waste management, on which several BAC members expressed interest in future collaboration.

Lastly, it was decided to hold the next meeting of the UNESCAP BAC in Jakarta on 7 April 2006, immediately preceding the APBF to be held on April 8. Mr. Noke Kiroyan was elected co-chair for that meeting and its preparation.

ICC Bangladesh Members attend international Meetings

ICC Meeting on Financial Services and Insurance

ICCB Executive Board Member Nasir A. Choudhury, ICCB member Shamsul Alam, Chairman, Bangladesh Insurance Association and Mr. Feroz Ahmed, Chief Controller of Insurance, Department of Insurance, Government of Bangladesh attended the ICC Roundtable on "Effective Corporate Governance: What is the Role of Regulation?" held in London on October 18. They also attended the Meeting of ICC Commission on Financial Services and Insurance on 19 October.

In order to encourage dialogue between business and regulators, ICC organised the Corporate Governance Roundtable and addressed some critical issues, through interactive panel discussions.

Top level government officials and experts from around the world participated at the Roundtable and Commission meeting.

SAARC Business Leaders Conclave: South Asia Regional Integration and Growth

The Federation of Indian Chamber of Commerce and Industry (FICCI) organised "SAARC Business Leaders Conclave: South Asia Regional Integration and Growth" on November 17-18, in New Delhi on behalf of SAARC Chamber of Commerce & Industry (SCCI).

ICC-Bangladesh, Mr. Rafique-ul Huq, Barrister-at-Law, Senior Advocate of the Supreme Court of Bangladesh and former Attorney General of Bangladesh, Mr. Faheemul Huq, Bar-at-Law and Professor Farida Huq attended the Conclave.

Dr. Manmohan Singh, Hon'ble Prime Minister of India inaugurated this first SAARC Business Leaders Conclave which was organised with support from the World Bank.

Announcement

ICC Bangladesh

announces with pleasure the shifting of its National Secretariat from **DCCI Bulding**, Motijheel, Dhaka with effect from January 01, 2006 to its own premises located at

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News from ICC Hqs. in Paris

ICC Court begins new term

On 1 January 2006, the newly appointed members of the ICC International Court of Arbitration will take office for a three-year term that will run until 31 December 2008.

The Court now has a membership of 122, comprising a Chairman, nine Vice-Chairmen, eighty-six members and twenty-five alternate members. The Vice-Chairmen, members and alternate members were appointed by the ICC World Council at its meeting in Paris on 2 December 2005.

Eighty-six countries are represented within the Court. They cover all regions of the world and include for the first time the Dominican Republic and Guatemala. The Court's wide geographical representation is reflected in its Vice-Chairmen, who come from Australia, Austria, Egypt, France, Japan, Mexico, Singapore, the United Kingdom and the United States.

The truly international composition of the Court is matched by its members' breadth of experience in law and business, acquired from their practice as attorneys, professors or members of the judiciary in their respective countries.

The ICC Court meets weekly throughout the year. At these sessions, which take place in Paris, the Court monitors the cases submitted to ICC arbitration and carries out its administrative functions. These include appointing and confirming arbitrators, deciding on challenges of arbitrators, fixing arbitration costs and scrutinizing draft awards submitted by arbitral tribunals.

Turkish businessman elected as WCF Chairman

Leading Turkish businessman Rona Yircali will succeed Avijit Mazumdar as ICC World Chambers Federation (WCF) Chairman on 1 January 2006.

Mr Yircali's election by the WCF Steering Committee was endorsed by the ICC Executive Board and World Council earlier this month. Mr Yircali is Chairman of the Board of Directors, Balikesir Chamber of Industry and Past President of the Union of Chambers & Commodity Exchanges of Turkey (TOBB). He will be the first Turkish chairman of WCF in its fifty years of activity.

Mr Yircali will be joined by a team of WCF vice-chairmen from various parts of the world who will be assisting him during his term. They are:

- Peter Mihok, President, Slovak Chamber of Commerce and Industry. Mr Mihok is returning as a WCF vice-chairman, having held this position since 2001. He is also Chairman of ICC Slovakia, President of the Slovak Sub-committee of the Business and Industry Advisory Committee to the OECD and the Economic and Social Council (ECOSOC) Slovakia, and Deputy President of Eurochambres.
- Robert Recker, Executive Vice President, Orlando Regional Chamber of Commerce and Industry (USA). The Orlando Regional Chamber is the largest local chamber of commerce in Florida. Mr Recker is also the Past Chairman of the Chamber Leadership Cabinet of ICC's US affiliate, the United States Council for International Business.



From left: Pere Vicens, Peter Mihok, Rona Yircali, Prince Sifiso Zulu, Robert Recker after the recent WCF meeting

- Pere Vicens, Commission Chairman, Barcelona Chamber of Commerce (Spain). Mr Vicens is Chairman and CEO of "Editorial Vicens Vives", a leading publishing house in Spain and Latin America. Mr Vicens has been an active member of the Council of the Chamber of Commerce, Industry and Navigation of Barcelona, in addition to holding posts such as Past President of the International Publishers Association. Mr Vicens is also an incoming member of ICC's 2006 Executive Board.
- Prince Sifiso Zulu, President, Durban Chamber of Commerce and Industry (South Africa). Prince Sifiso Zulu is a businessman and a director of companies in a wide variety of sectors including tourism, trade, freight and timber. He is also a member of the South African Ministry of Trade and Industry Forum, as well as a member of the Presidential Joint Working Group on the South African economy.

ICC reacts to "modest" outcome of WTO Hong Kong Ministerial Conference

As a strong supporter of the Doha Round multilateral trade negotiations, ICC welcomes the fact that the WTO Ministerial Conference held in Hong Kong reached agreement on a declaration which keeps the Round alive. However, the package of measures adopted was decidedly modest, and difficult decisions on opening markets were for the most part postponed to later. That expectations were deliberately lowered by WTO governments in the weeks preceding Hong Kong cannot conceal the reality that the Round now faces a tough uphill struggle to reach a successful conclusion by the end of next year.

ICC still believes, however, that this objective remains achievable. The challenge is more political than technical. It requires the commitment of governments at the highest levels to find the political will to make compromises that recognize the common interest in success and the collective cost of failure. ICC calls upon WTO governments to mark the arrival of a new calendar year with a new-found determination to work together to meet the timetable established at Hong Kong for the course of 2006 with a view to arriving at a final and ambitious accord at year end.

"A successful completion of the Doha Round next year is vital to enable business to maximize its contribution towards raising global living standards", said Guy Sebban, Secretary General of ICC. "This major multilateral initiative to liberalize world trade offers a much-needed counterweight to the proliferation of discriminatory bilateral deals and is key to keeping in check the ever-present threat of protectionism."

Growing world demand for energy will impact climate policy, business says

In its submission on behalf of world business to the United Nations' conference on climate change, the ICC said on December 7 that the basic challenge was to meet the world's growing demand for energy, "essential to sustain economic growth and improve living standards, while also addressing long-term concerns about greenhouse gas emissions and the environment."

The business submission was made to the 11th Conference of the Parties to the United Nations Framework Convention on Climate Change. The statement added: "ICC believes the development and global utilization of both existing and new cost-effective, efficient energy technologies with low greenhouse gas emissions in all sectors is the most effective way to improve access to energy, to

promote energy efficiency and to reduce greenhouse gas emissions."

ICC said decisions on the substantial investments necessary to secure energy supply and distribution would not wait for consensus in climate negotiations and the development of modalities to implement commitments. "Current uncertainty already affects investment plans, costs and outcomes.

"Choices made by governments, businesses and policymakers now and in the future hold the potential to alter national competitiveness and future investment and employment trends as well as the ability to respond to future environmental concerns."



According to ICC the basic challenge is to meet the world's growing demand for energy.

Certificates of Origin go electronic

Though exporters can apply online for Certificates of Origin, in some countries documents still have to be physically stamped, posted back to, couriered or collected by the exporter before the certificate can be obtained. This process can take hours, sometimes days.

To avoid such hold-ups, during the early part of November, the British Chambers of Commerce launched a new service called e-Cert eXpress, according to ICC news released on November 29. This efficient system allows officially stamped Certificates of Origin to be sent back to the exporter electronically, a process which can be completed in minutes and hours, rather than days.

John Dunsmure, Managing Director of the British Chambers of Commerce said:

"In 2004, £80 billion worth of business was done outside the EU and almost 500 000 EC and Arab Certificates of Origin were issued. e-Cert eXpress is the next step in our aim of making the production of export documentation a completely paperless process. Not only are there benefits to British exporters in terms of speed, simplicity and ease-of-use, there are also benefits to their customers through greater efficiency, better responsiveness and improved customer care."

Certificates of Origin are essential for exporting companies to comply with customs requirements in the importing state, as well as meeting banking and other commercial criteria. Chambers issue and attest Certificates of Origin and other trade documents, a role that is vital to the facilitation of international trade, especially in an increasingly differentiated rule-of-origin trading environment that lacks international certification standards.

The ICC World Chambers Federation (WCF) reinforces and enhances the position of chambers of commerce as the natural agent in the issuance and attestation of Certificates of Origin and to use WCF's global stature and platform to develop and/or harmonize certification standards and procedures to benefit traders and customs administrations.

The only other country to WCF's knowledge in which Chambers have been able to an electronic Certificates of Origin service is Singapore. Their system accepts electronic applications from exporters and their agents, issues Certificates of Origin electronically, and allows electronic transmission of an approved Certificate of Origin to a designated party (e.g. a buyer or bank for Letter of Credit clearance).

Governing bodies endorse changes at ICC

At their end-year meetings held during first week of December at ICC's Paris headquarters, ICC's Executive Board and World Council approved changes in the leadership of the organization and set new strategic priorities to focus on the most pressing needs of world business at the present time.

- In light of his current legal situation in Korea, ICC Chairman Yong Sung Park announced to the Executive Board his decision to transfer his functions and responsibilities to Vice-Chairman Marcus Wallenberg for the time being.
- Prominent Turkish businessman Rona Yircali will replace Avijit ("Bobby") Mazumdar as Chairman of the World Chambers Federation.



ICC headquarters in Paris

- Six new members of the Executive Board were elected - from Argentina, Germany, Hungary, Singapore, Spain and the USA.
- Members of the International Court of Arbitration were elected for a new term starting on 1 January 2006.
- Guy Sebban, Secretary General, who was elected by the governing bodies in June this year, obtained approval of his proposals for ICC's strategic directions with a strong focus on ICC's core task of promoting cross-border trade and investment and helping business corporations meet the challenges of globalization.
- ICC's programme of action for 2006 was agreed.

ICC says IT global sourcing promotes innovation and competition

The phenomenal growth of information technology enabled services (ITES) sourcing globally is closely scrutinized by the International Chamber of Commerce (ICC) in a policy paper issued on December 2. The statement, prepared by ICC's Commission on E-Business, IT and Telecoms (EBITT), said business is firmly in favour of ITES sourcing and strongly opposes any measures by governments to restrict its growth.

Sourcing, the process by which companies procure goods or services from around the world, is now well established in many industries. ITES, a relative newcomer to sourcing, covers such activities as call centres and software programming, as well as IT itself.

The ICC statement notes that ITES sourcing is expected to be worth US$24.3 billion by 2007 (up from US$1.3 billion in 2002), amounting by then to some 14% of the market in ITES.

Allen Miller, Chair of the EBITT Commission's Task Force on Internet and IT Services said: "Encouraging the diffusion of ITES into a wide range of industry sectors, such as financial services, manufacturing, transportation and healthcare, makes local firms more efficient, helping the entire economy of a country."

India has been a leader for sourcing and many developing countries are seeking to match its success, among them Vietnam, Malaysia and the Philippines. It is reckoned that by 2006, Asia-Pacific will be the largest growth market for ITES, though there is considerable interest from other areas of the world as well.

ICC makes two recommendations designed to promote this development:

- companies should maintain flexibility when sourcing their needs globally; and
- governments should embrace global sourcing as a means to improve their economies and encourage innovation. Creating an enabling business environment to include an educated and skilled workforce will facilitate investment through ITES.

Mounting demand for Amicable Dispute Resolution services

Recently, the International Chamber of Commerce has perceived an increasing worldwide demand for amicable dispute resolution services (ADR), according to ICC news issued on November 21.

In the last few years, there has been a growing trend for requests for ADR to be submitted on the basis of a clause contemplated in the contracts and referring to the ICC ADR Rules.

ICC Secretary General Guy Sebban said: "This change indicates an increase of interest among users for the amicable settlement of commercial disputes and also improved knowledge of the ICC ADR Rules."

Under the ICC ADR rules, in force since 1 July 2001, a Neutral is appointed to help parties to a dispute reach a settlement agreement. Parties may agree on any technique or combination of techniques to help them reach agreement. These include mediation, a mini-trial, and neutral evaluation, or a combination of techniques. If the parties cannot agree, mediation will apply by default. Mediation is a process whereby a third person aids parties to a dispute in finding a suitable solution. The mediator's role is to facilitate discussions and the exchange of information among the parties. The desired result of a mediation is a settlement agreement.

Christine Guerrier, Legal Director (Litigation) with Thalès said: "For businesses, mediation is an extremely effective method of resolving disputes in terms of cost, time and result. Even when a dispute seems almost unsolvable in the context of the parties' relations and the sums at stake, the presence of a mediator can help to narrow differences and achieve a reasonable agreement in a very short space of time. This was proved to us once again only recently in proceedings under the ICC ADR Rules."

The flexible and confidential nature of ICC ADR proceedings and the monitoring of cases by a dedicated international staff in Paris are key elements of the ICC ADR Rules that fully respond to business needs. ICC ADR proceedings may be used anywhere in the world. Proceedings may take place in the language or languages of choice. The Rules are already available in six major languages and suggested ADR clauses are proposed to the parties for incorporation into their contracts. To a great extent, the parties retain control of the process.

All this adds up to a dispute settlement system that is flexible, adaptable and international in scope.

Economists see moderate world economic upturn

A moderate cyclical upturn in the world economy in the fourth quarter of 2005 is reported on November 22 in the World Economic Survey of corporate economists carried out by the International Chamber of Commerce and the Ifo Institute for Economic Research in Munich.

It was the first rise in the economic climate index since the beginning of 2004. However the improvement applied only to assessments by the 1,100 participating economists of the current economic situation. Expectations for the coming six months weakened slightly.

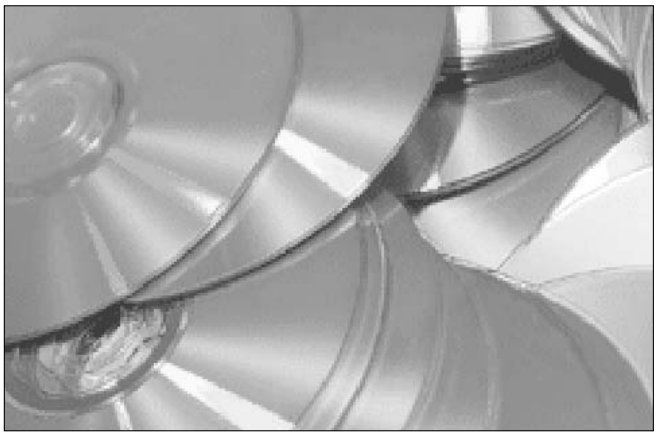
"The World Economic Survey thus signals a continuingly robust international economy. The weakening in the world economy in 2004 has proved to be only temporary and has now been supplanted by a moderate cyclical upturn, " the survey said. Improvement was especially marked in Europe, where assessments of the current situation and expectations for the next six months were both stronger. The climate indicator also rose in Asia, although more confident assessments of the current economic situation were offset by more cautious expectations for the immediate future. Only in North America did the climate indicator decline, as a result of clearly worsening expectations, as well as less positive appraisals of the current situation.

Unlike surveys for the three previous quarters, the latest survey showed that a clear rise in inflation is expected. Inflation expectations had stood at 2.9%, the same inflation rate as in 2004, but expectations now were for an inflation rate of 3.3%. "The sharp price increases for oil and other raw materials are now expected to have a stronger effect on consumer prices than assumed in previous surveys."

A growing number of participants in the survey expect an increase in central bank interest rates, especially in North America and Asia, but also in Western Europe. "The US dollar is regarded as adequately valued in all the surveyed countries, after having been undervalued for two years. The euro and the British pound were less frequently regarded as overvalued than in previous surveys. For the first time since the beginning of 2004, the Japanese yen was appraised as slightly undervalued.

ICC urges action against counterfeiting and piracy

ICC Secretary General Guy Sebban today called on business and governments to work together in a serious long-term effort to stop product counterfeiting and piracy. Mr Sebban was addressing the Second Global Congress on Combating Counterfeiting and Piracy, convened by Interpol and the World Customs Organization (WCO). He spoke alongside Ronald Noble, Secretary General, Interpol, Michel Danet, Secretary General, WCO and Rita Hayes, Deputy Director General, World Intellectual Property Organization in the opening plenary session of the two-day event.



ICC is concerned regarding the growth of counterfeiting and piracy on a global level

Mr Sebban said counterfeiting and piracy had to be seen as an economic problem. "This is because intellectual property is an essential capital input that is just as important to business as concrete or steel."

The costs of counterfeiting and piracy were not just economic, Mr Sebban said. "They include dramatic social and developmental costs." They lead to widespread loss of lawful employment, which, he said, was not just a problem for business: "The manufacture of fake goods strips jobs from the economy, and employees have no reliable income upon which to build a career or support their families. Employees have no benefits and no security."

Mr Sebban added that counterfeiting and piracy also lead to massive losses of tax revenues to governments.

Calling on governments to take action against counterfeiting and piracy, Mr Sebban said: "It is imperative that governments recognize that counterfeiting and piracy are not good for governments, not good for society and not good for development."

Mr Sebban briefly outlined ICC's Business Action to Stop Counterfeiting and Piracy (BASCAP) initiative which he said was committed to working with governments in whatever possible way to combat the scourge.

Business calls for enhanced cooperation on supply chain security rules

ICC is calling for greater coordination among public authorities on the implementation of supply chain security rules.

At its recent meeting, ICC's Commission on Transport and Logistics expressed concern about differing advance cargo information requirements, coupled with sometimes impracticable demands on companies to police the operations and processes of their international trading partners.

ICC says that the global nature of transport requires that appropriate security regulations and standards be achieved through international consultation and consensus. In addition, trade facilitation, through the simplification of procedures, can go a long way in delivering the quality and infrastructure necessary for efficient security controls.

According to the Chair of ICC's Commission on Transport and Logistics, Johannes Fritzen: "We believe that effective security measures are needed to ensure that the international transportation system is protected from acts of terrorism. But international



According to ICC the global nature of transport requires appropriate security regulations and standards through international consultation and consensus.

standards and measures should aim at compatibility, simplicity and ease of deployment from country to country. There will be counterproductive effects if companies are faced with many different and conflicting national approaches to improved security".

The ICC Commission on Transport and Logistics promotes intermodal transport, and competitive, efficient transport markets worldwide.

Iran returns to ATA Carnet System

Iran has agreed to re-introduce the ATA Carnet system from 15 November 2005, the World ATA Carnet Council has announced.

The Iranian agreement follows several years of negotiations between ATA authorities, the Iranian Customs and the Iran Chamber of Commerce, Industries and Mines, which will become the 63rd member of the ICC/ATA international guarantee chain.

This is a major breakthrough in spreading the use of the ATA system in that part of the world, and a clear signal that Iran is keen to play a full role in global trade, for the benefit of both Iranian enterprises and their foreign trading partners.

Iranian Customs will accept ATA Carnets for duty-free temporary imports of professional equipment, commercial samples and goods for display or use at trade fairs, exhibitions and similar events.

WTO Director-General meets with members of ICC Chairmanship

On 21 October, WTO Director-General Pascal Lamy met informally with members of the ICC Chairmanship at ICC's international headquarters in Paris. Present at the meeting were ICC Vice Chairman Marcus Wallenberg, ICC Honorary Chairman Jean-René Fourtou and ICC Secretary General Guy Sebban.

During the one-hour meeting, the WTO Director-General and the members of the ICC Chairmanship had the opportunity to exchange views on the latest developments in the Doha round negotiations.

Developments over the coming weeks between now and the WTO's 6th Ministerial Conference in Hong Kong (13-18 December 2005) will be crucial in securing the advances necessary to instil a positive dynamic to the negotiations and to establish a sufficient level of consensus among WTO members to ensure a successful outcome of the Hong Kong conference.

At this stage, agriculture continues to be the political lynchpin of the negotiations, requiring further movement by key WTO members, to enable this element of the agenda to move forward, and thereby unlocking the potential for progress in other areas that still need considerable technical work.

Time is running short, as substantive preparations for the Hong Kong Ministerial will need to be completed over the coming weeks in order to lay the ground sufficiently in advance if broad agreement is to be achieved at ministerial level in Hong Kong.

ICC workshop on mastering letters of credit and preventing fraud

Letters of credit provide the finance for more than US$1 trillion of world trade a year - some 15%. To help clarify practitioners' rights vis-à-vis these vital documents, the International Chamber of Commerce (ICC) organized an interactive workshop at its Paris headquarters on 26 October.

The workshop will be directed by King Tak Fung, a partner in the Hong Kong office of DLA Piper Rudnick Gray Cary and author of Leading Court Cases on Letters of Credit (available from www.iccbooks.com).

"In addition to explaining the crux of letters of credit, the workshop will help participants to prevent trade and banking fraud and to resolve trade disputes in an effective and creative manner," said Mr Fung, who has conducted numerous legal and banking workshops in Asia and Europe.

The Paris workshop will provide in-depth analysis of actual court cases involving letters of credit. Concentrating on practical advice from legal, banking and commercial perspectives, the workshop is tailor-made for bankers, lawyers, business executives and trade finance practitioners.

Among the many issues to be dealt with:

- How to ensure that the seller can recover his goods if the buyer defaults in payment;
- How to avoid pitfalls in letters of credit negotiation - value given, timing amount, documentary evidence and operations procedures;
- How to resolve disputes by mediation instead of litigation; and
- L/C Dispute Resolution with China.

WTO News

Ministers agree on declaration that 'puts Round back on track'

Ministers from the WTO's 149 member governments approved a declaration that many described as significant progress both since the July 2004 "package" and after six days of intensive negotiations in Hong Kong which the chairperson described as "working like a dog".

Despite the long hours and hard work, "it was worth it," WTO Director-General Pascal Lamy told a press conference late in the evening of the final day. "We have managed to put the Round back on track after a period of hibernation."

Hong Kong's Commerce, Industry and Technology Secretary John Tsang, who chaired the conference, outlined the achievements in the declaration:

- We have secured an end date for all export subsidies in agriculture, even if it is not in a form to everybody's liking.
- We have an agreement on cotton.
- We have a very solid duty-free, quota-free access for the 32 least-developed country members.
- In agriculture and NAMA (non-agricultural market access), we have fleshed out a significant framework for full modalities.
- And in services, we now have an agreed text that points positively to the way forward.

With the agreed 44-page document, members face intense pressure in the new year to complete "full modalities" in agriculture and non-agricultural market access by the new deadline they have set themselves, 30 April 2006.

The declaration makes clear that the agreed date is conditional. Loopholes have to be plugged to avoid hidden export subsidies in credit, food aid and the sales of exporting state enterprises.

For cotton the elimination is accelerated to the end of 2006. In addition, cotton exports from least-developed countries will be allowed into developed countries without duty or quotas from the start of the period for implementing the new agriculture agreement. Ministers have also agreed to aim to cut trade-distorting domestic subsidies on cotton by more than would normally apply under the new agreement, and to do so more quickly.

The two sides negotiating this difficult subject paid tribute to each other for what they described as the spirit of compromise: United States and the four countries pushing for an agreement on cotton (Benin, Burkina Faso, Chad and Mali).

A number of other details have been agreed in agriculture, non-agricultural market access and services.

Closing session

The Ministerial Conference adopted the declaration with amendments proposed by the chairperson on behalf of the United States and the "Cotton Four".

Cuba and Venezuela formally expressed their reservations on the texts on non-agricultural market access and services and the meeting noted these.

The meeting also noted statements made by ministers in the preceding informal heads of delegations meeting. Almost all of them described the agreement as not fully meeting their expectations but most urged fellow-members to accept it as a good basis for making progress in the negotiations.

Many delegations thanked Hong Kong for providing excellent facilities, good organization and a secure environment for the negotiations. They said future Ministerial Conferences would find it difficult to top Hong Kong's record.

Most delegations praised the "bottom-up" approach (inputs coming directly from members rather than from above) as contributing to the success of the conference.

Many delegations welcomed the agreement on 2013 as deadline for eliminating of agriculture export

subsidies although most of them said they would have preferred an earlier date. Some delegations commended the "statemanship" of the EU and the US in achieving agreement.

A number of delegations underlined the positive results in the development issues - particularly in cotton and the package for least-developed countries - and the importance of capturing these by adopting the draft declaration. The new draft was a step in the right direction, and a good basis for continuing work in Geneva next year.

Some delegations expressed disappointment with what they said was lack of ambition in non-agricultural market access and services, while others said the level in these areas were too high.

Delegations emphasized the importance of future WTO work in products of export interest to them, in particular bananas and cotton.

Final Ministerial Declaration

Adopted on 18 December 2005

1. We reaffirm the Declarations and Decisions we adopted at Doha, as well as the Decision adopted by the General Council on 1 August 2004, and our full commitment to give effect to them. We renew our resolve to complete the Doha Work Programme fully and to conclude the negotiations launched at Doha successfully in 2006.
2. We emphasize the central importance of the development dimension in every aspect of the Doha Work Programme and recommit ourselves to making it a meaningful reality, in terms both of the results of the negotiations on market access and rule-making and of the specific development-related issues set out below.
3. In pursuance of these objectives, we agree as follows:

Agriculture negotiations

4. We reaffirm our commitment to the mandate on agriculture as set out in paragraph 13 of the Doha Ministerial Declaration and to the Framework adopted by the General Council on 1 August 2004. We take note of the report by the Chairman of the Special Session on his own responsibility (TN/AG/21, contained in Annex A). We welcome the progress made by the Special Session of the Committee on Agriculture since 2004 and recorded therein.

5. On domestic support, there will be three bands for reductions in Final Bound Total AMS and in the overall cut in trade-distorting domestic support, with higher linear cuts in higher bands. In both cases, the Member with the highest level of permitted support will be in the top band, the two Members with the second and third highest levels of support will be in the middle band and all other Members, including all developing country Members, will be in the bottom band. In addition, developed country Members in the lower bands with high relative levels of Final Bound Total AMS will make an additional effort in AMS reduction. We also note that there has been some convergence concerning the reductions in Final Bound Total AMS, the overall cut in trade-distorting domestic support and in both product-specific and non product-specific de minimis limits. Disciplines will be developed to achieve effective cuts in trade-distorting domestic support consistent with the Framework.

The overall reduction in trade-distorting domestic support will still need to be made even if the sum of the reductions in Final Bound Total AMS, de minimis and Blue Box payments would otherwise be less than that overall reduction. Developing country Members with no AMS commitments will be exempt from reductions in de minimis and the overall cut in trade-distorting domestic support. Green Box criteria will be reviewed in line with paragraph 16 of the Framework, inter alia, to ensure that programmes of developing country Members that cause not more than minimal trade-distortion are effectively covered.

6. We agree to ensure the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect to be completed by the end of 2013. This will be achieved in a progressive and parallel manner, to be specified in the modalities, so that a substantial part is realized by the end of the first half of the implementation period. We note emerging convergence on some elements of disciplines with respect to export credits, export credit guarantees or insurance programmes with repayment periods of 180 days and below. We agree that such programmes should be self-financing, reflecting market consistency, and that the period should be of a sufficiently short duration so as not to effectively circumvent real commercially-oriented discipline. As a means of ensuring that trade-distorting practices of STEs are eliminated, disciplines relating to exporting STEs will extend to the future use of monopoly powers so that such powers cannot be exercised in any way that would circumvent the direct disciplines on STEs on export subsidies, government financing and the underwriting of losses. On food aid, we reconfirm our commitment to maintain an adequate level and to take into account the interests of food aid recipient countries. To this end, a "safe box" for bona fide food aid will be provided to ensure that there is no unintended impediment to dealing with emergency situations. Beyond that, we will ensure elimination of commercial displacement. To this end, we will agree effective disciplines on in-kind food aid, monetization and re-exports so that there can be no loop-hole for continuing export subsidization. The disciplines on export credits, export credit guarantees or insurance programmes, exporting state trading enterprises and food aid will be completed by 30 April 2006 as part of the modalities, including appropriate provision in favour of least-developed and net food-importing developing countries as provided for in paragraph 4 of the Marrakesh Decision. The date above for the elimination of all forms of export subsidies, together with the agreed progressivity and parallelism, will be confirmed only upon the completion of the modalities. Developing country Members will continue to benefit from the provisions of Article 9.4 of the Agreement on Agriculture for five years after the end-date for elimination of all forms of export subsidies.

7. On market access, we note the progress made on ad valorem equivalents. We adopt four bands for structuring tariff cuts, recognizing that we need now to agree on the relevant thresholds - including those applicable for developing country Members. We recognize the need to agree on treatment of sensitive products,

taking into account all the elements involved. We also note that there have been some recent movements on the designation and treatment of Special Products and elements of the Special Safeguard Mechanism. Developing country Members will have the flexibility to self-designate an appropriate number of tariff lines as Special Products guided by indicators based on the criteria of food security, livelihood security and rural development. Developing country Members will also have the right to have recourse to a Special Safeguard Mechanism based on import quantity and price triggers, with precise arrangements to be further defined. Special Products and the Special Safeguard Mechanism shall be an integral part of the modalities and the outcome of negotiations in agriculture.

8. On other elements of special and differential treatment, we note in particular the consensus that exists in the Framework on several issues in all three pillars of domestic support, export competition and market access and that some progress has been made on other special and differential treatment issues.

9. We reaffirm that nothing we have agreed here compromises the agreement already reflected in the Framework on other issues including tropical products and products of particular importance to the diversification of production from the growing of illicit narcotic crops, long-standing preferences and preference erosion.

10. However, we recognize that much remains to be done in order to establish modalities and to conclude the negotiations. Therefore, we agree to intensify work on all outstanding issues to fulfil the Doha objectives, in particular, we are resolved to establish modalities no later than 30 April 2006 and to submit comprehensive draft Schedules based on these modalities no later than 31 July 2006.

Cotton

11. We recall the mandate given by the Members in the Decision adopted by the General Council on 1 August 2004 to address cotton ambitiously, expeditiously and specifically, within the agriculture negotiations in relation to all trade-distorting policies affecting the sector in all three pillars of market access, domestic support and export competition, as specified in the Doha text and the July 2004 Framework text. We note the work already undertaken in the Sub-Committee on Cotton and the proposals made with regard to this matter. Without prejudice to Members' current WTO rights and obligations, including those flowing from actions taken by the Dispute Settlement Body, we reaffirm our commitment to ensure having an explicit decision on cotton within the agriculture negotiations and through the Sub-Committee on Cotton ambitiously, expeditiously and specifically as follows:

    - All forms of export subsidies for cotton will be eliminated by developed countries in 2006.

    - On market access, developed countries will give duty and quota free access for cotton exports from least-developed countries (LDCs) from the commencement of the implementation period.

- [It is recognized that the objective is that, as an outcome for the negotiations, trade distorting domestic subsidies for cotton production should be reduced more ambitiously than under whatever general formula is agreed and that it should be implemented over a shorter period of time than generally applicable. We will commit ourselves to give priority in the negotiations to reach such an outcome.]

12. With regard to the development assistance aspects of cotton, we welcome the Consultative Framework process initiated by the Director-General to implement the decisions on these aspects pursuant to paragraph 1.b of the Decision adopted by the General Council on 1 August 2004. We take note of his Periodic Reports and the positive evolution of development assistance noted therein. We urge the Director-General to further intensify his consultative efforts with bilateral donors and with multilateral and regional institutions, with emphasis on improved coherence, coordination and enhanced implementation and to explore the possibility of establishing through such institutions a mechanism to deal with income declines in the cotton sector. Noting the importance of achieving enhanced efficiency and competitiveness in the cotton producing process, we urge the development community to further scale up its cotton-specific assistance and to support the efforts of the Director-General. In this context, we urge Members to promote and support South-South cooperation, including transfer of technology. We welcome the domestic reform efforts by African cotton producers aimed at enhancing productivity and efficiency, and encourage them to deepen this process. We reaffirm the complementarity of the trade policy and development assistance aspects of cotton. We invite the Director-General to furnish a third Periodic Report to our next Session with updates, at appropriate intervals in the meantime, to the General Council, while keeping the Sub-Committee on Cotton fully informed of progress. Finally, as regards follow up and monitoring, we request the Director-General to set up an appropriate follow-up and monitoring mechanism.

NAMA negotiations

13. We reaffirm our commitment to the mandate for negotiations on market access for non-agricultural products as set out in paragraph 16 of the Doha Ministerial Declaration. We also reaffirm all the elements of the NAMA Framework adopted by the General Council on 1 August 2004. We take note of the report by the Chairman of the Negotiating Group on Market Access on his own responsibility (TN/MA/16, contained in Annex B). We welcome the progress made by the Negotiating Group on Market Access since 2004 and recorded therein.

14. We adopt a Swiss Formula with coefficients at levels which shall inter alia:

    Reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, in particular on products of export interest to developing countries; and

    Take fully into account the special needs and interests of developing countries, including through less than full reciprocity in reduction commitments.

We instruct the Negotiating Group to finalize its structure and details as soon as possible.

15. We reaffirm the importance of special and differential treatment and less than full reciprocity in reduction commitments, including paragraph 8 of the NAMA Framework, as integral parts of the modalities. We instruct the Negotiating Group to finalize its details as soon as possible.

16. In furtherance of paragraph 7 of the NAMA Framework, we recognize that Members are pursuing sectoral initiatives. To this end, we instruct the Negotiating Group to review proposals with a view to identifying those which could garner sufficient participation to be realized. Participation should be on a non-mandatory basis.

17. For the purpose of the second indent of paragraph 5 of the NAMA Framework, we adopt a non-linear mark-up approach to establish base rates for commencing tariff reductions. We instruct the Negotiating Group to finalize its details as soon as possible.

18. We take note of the progress made to convert non ad valorem duties to ad valorem equivalents on the basis of an agreed methodology as contained in JOB(05)/166/Rev.1.

19. We take note of the level of common understanding reached on the issue of product coverage and direct the Negotiating Group to resolve differences on the limited issues that remain as quickly as possible.

20. As a supplement to paragraph 16 of the NAMA Framework, we recognize the challenges that may be faced by non-reciprocal preference beneficiary Members as a consequence of the MFN liberalization that will result from these negotiations. We instruct the Negotiating Group to intensify work on the assessment of the scope of the problem with a view to finding possible solutions.

21. We note the concerns raised by small, vulnerable economies, and instruct the Negotiating Group to establish ways to provide flexibilities for these Members without creating a sub-category of WTO Members.

22. We note that the Negotiating Group has made progress in the identification, categorization and examination of notified NTBs. We also take note that Members are developing bilateral, vertical and horizontal approaches to the NTB negotiations, and that some of the NTBs are being addressed in other fora including other Negotiating Groups. We recognize the need for specific negotiating proposals and encourage participants to make such submissions as quickly as possible.

23. However, we recognize that much remains to be done in order to establish modalities and to conclude the negotiations. Therefore, we agree to intensify work on all outstanding issues to fulfil the Doha objectives, in particular, we are resolved to establish modalities no later than 30 April 2006 and to submit comprehensive draft Schedules based on these modalities no later than 31 July 2006.

Balance between Agriculture and NAMA

24. We recognize that it is important to advance the development objectives of this Round through enhanced market access for developing countries in both Agriculture and NAMA. To that end, we instruct our negotiators to ensure that there is a comparably high level of ambition in market access for Agriculture and NAMA. This ambition is to be achieved in a balanced and proportionate manner consistent with the principle of special and differential treatment.

Services negotiations

25. The negotiations on trade in services shall proceed to their conclusion with a view to promoting the economic growth of all trading partners and the development of developing and least-developed countries, and with due respect for the right of Members to regulate. In this regard, we recall and reaffirm the objectives and principles stipulated in the GATS, the Doha Ministerial Declaration, the Guidelines and Procedures for the Negotiations on Trade in Services adopted by the Special Session of the Council for Trade in Services on 28 March 2001 and the Modalities for the Special Treatment for Least-Developed Country Members in the Negotiations on Trade in Services adopted on 3 September 2003, as well as Annex C of the Decision adopted by the General Council on 1 August 2004.

26. We urge all Members to participate actively in these negotiations towards achieving a progressively higher level of liberalization of trade in services, with appropriate flexibility for individual developing countries as provided for in Article XIX of the GATS. Negotiations shall have regard to the size of economies of individual Members, both overall and in individual sectors. We recognize the particular economic situation of LDCs, including the difficulties they face, and acknowledge that they are not expected to undertake new commitments.

27. We are determined to intensify the negotiations in accordance with the above principles and the Objectives, Approaches and Timelines set out in Annex C to this document with a view to expanding the sectoral and modal coverage of commitments and improving their quality. In this regard, particular attention will be given to sectors and modes of supply of export interest to developing countries.

Rules negotiations

28. We recall the mandates in paragraphs 28 and 29 of the Doha Ministerial Declaration and reaffirm our commitment to the negotiations on rules, as we set forth in Annex D to this document.

TRIPS negotiations

29. We take note of the report of the Chairman of the Special Session of the Council for TRIPS setting out the progress in the negotiations on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits, as mandated in Article 23.4 of the TRIPS Agreement and paragraph 18 of the Doha Ministerial Declaration, contained in document TN/IP/14, and agree to intensify these negotiations in order to complete them within the overall time-frame for the conclusion of the negotiations that were foreseen in the Doha Ministerial Declaration.

Environment negotiations

30. We reaffirm the mandate in paragraph 31 of the Doha Ministerial Declaration aimed at enhancing the mutual supportiveness of trade and environment and welcome the significant work undertaken in the Committee on Trade and Environment (CTE) in Special Session. We instruct Members to intensify the negotiations, without prejudging their outcome, on all parts of paragraph 31 to fulfil the mandate.

31. We recognize the progress in the work under paragraph 31(i) based on Members' submissions on the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs). We further recognize the work undertaken under paragraph 31(ii) towards developing effective procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, and criteria for the granting of observer status.

32. We recognize that recently more work has been carried out under paragraph 31(iii) through numerous submissions by Members and discussions in the CTE in Special Session, including technical discussions, which were also held in informal information exchange sessions without prejudice to Members' positions. We instruct Members to complete the work expeditiously under paragraph 31(iii).

Trade Facilitation negotiations

33. We recall and reaffirm the mandate and modalities for negotiations on Trade Facilitation contained in Annex D of the Decision adopted by the General Council on 1 August 2004. We note with appreciation the report of the Negotiating Group, attached in Annex E to this document, and the comments made by our delegations on that report as reflected in document TN/TF/M/11. We endorse the recommendations contained in paragraphs 3, 4, 5, 6 and 7 of the report.

DSU negotiations

34. We take note of the progress made in the Dispute Settlement Understanding negotiations as reflected in the report by the Chairman of the Special Session of the Dispute Settlement Body to the Trade Negotiations Committee (TNC) and direct the Special Session to continue to work towards a rapid conclusion of the negotiations.

S&D treatment

35. We reaffirm that provisions for special and differential (S&D) treatment are an integral part of the WTO Agreements. We renew our determination to fulfil the mandate contained in paragraph 44 of the Doha Ministerial Declaration and in the Decision adopted by the General Council on 1 August 2004, that all S&D treatment provisions be reviewed with a view to strengthening them and making them more precise, effective and operational.

36. We take note of the work done on the Agreement-specific proposals, especially the five LDC proposals. We agree to adopt the decisions contained in Annex F to this document. However, we also recognize that substantial work still remains to be done. We commit ourselves to address the development interests and concerns of developing countries, especially the LDCs, in the multilateral trading system, and we recommit ourselves to complete the task we set ourselves at Doha. We accordingly instruct the Committee on Trade and Development in Special Session to expeditiously complete the review of all the outstanding Agreement-specific

proposals and report to the General Council, with clear recommendations for a decision, by December 2006.

37. We are concerned at the lack of progress on the Category II proposals that had been referred to other WTO bodies and negotiating groups. We instruct these bodies to expeditiously complete the consideration of these proposals and report periodically to the General Council, with the objective of ensuring that clear recommendations for a decision are made no later than December 2006. We also instruct the Special Session to continue to coordinate its efforts with these bodies, so as to ensure that this work is completed on time.

38. We further instruct the Special Session, within the parameters of the Doha mandate, to resume work on all other outstanding issues, including on the cross-cutting issues, the monitoring mechanism, and the incorporation of S&D treatment into the architecture of WTO rules, and report on a regular basis to the General Council.

Implementation

39. We reiterate the instruction in the Decision adopted by the General Council on 1 August 2004 to the TNC, negotiating bodies and other WTO bodies concerned to redouble their efforts to find appropriate solutions as a priority to outstanding implementation-related issues. We take note of the work undertaken by the Director-General in his consultative process on all outstanding implementation issues under paragraph 12(b) of the Doha Ministerial Declaration, including on issues related to the extension of the protection of geographical indications provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits and those related to the relationship between the TRIPS Agreement and the Convention on Biological Diversity. We request the Director-General, without prejudice to the positions of Members, to intensify his consultative process on all outstanding implementation issues under paragraph 12(b), if need be by appointing Chairpersons of concerned WTO bodies as his Friends and/or by holding dedicated consultations. The Director-General shall report to each regular meeting of the TNC and the General Council. The Council shall review progress and take any appropriate action no later than 31 July 2006.

TRIPS & Public Health

40. We reaffirm the importance we attach to the General Council Decision of 30 August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, and to an amendment to the TRIPS Agreement replacing its provisions. In this regard, we welcome the work that has taken place in the Council for TRIPS and the Decision of the General Council of 6 December 2005 on an Amendment of the TRIPS Agreement.

Small Economies

41. We reaffirm our commitment to the Work Programme on Small Economies and urge Members to adopt specific measures that would facilitate the fuller integration of small, vulnerable economies into the multilateral trading system, without creating a sub-category of WTO Members. We take note of the report of the Committee on Trade and Development in Dedicated Session on the Work Programme on Small

Economies to the General Council and agree to the recommendations on future work. We instruct the Committee on Trade and Development, under the overall responsibility of the General Council, to continue the work in the Dedicated Session and to monitor progress of the small economies' proposals in the negotiating and other bodies, with the aim of providing responses to the trade-related issues of small economies as soon as possible but no later than 31 December 2006. We instruct the General Council to report on progress and action taken, together with any further recommendations as appropriate, to our next Session.

Trade, Debt & Finance

42. We take note of the report transmitted by the General Council on the work undertaken and progress made in the examination of the relationship between trade, debt and finance and on the consideration of any possible recommendations on steps that might be taken within the mandate and competence of the WTO as provided in paragraph 36 of the Doha Ministerial Declaration and agree that, building on the work carried out to date, this work shall continue on the basis of the Doha mandate. We instruct the General Council to report further to our next Session.

Trade & Transfer of Technology

43. We take note of the report transmitted by the General Council on the work undertaken and progress made in the examination of the relationship between trade and transfer of technology and on the consideration of any possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries. Recognizing the relevance of the relationship between trade and transfer of technology to the development dimension of the Doha Work Programme and building on the work carried out to date, we agree that this work shall continue on the basis of the mandate contained in paragraph 37 of the Doha Ministerial Declaration. We instruct the General Council to report further to our next Session.

Doha paragraph 19

44. We take note of the work undertaken by the Council for TRIPS pursuant to paragraph 19 of the Doha Ministerial Declaration and agree that this work shall continue on the basis of paragraph 19 of the Doha Ministerial Declaration and the progress made in the Council for TRIPS to date. The General Council shall report on its work in this regard to our next Session.

TRIPS non-violation and situation complaints

45. We take note of the work done by the Council for Trade-Related Aspects of Intellectual Property Rights pursuant to paragraph 11.1 of the Doha Decision on Implementation-Related Issues and Concerns and paragraph 1.h of the Decision adopted by the General Council on 1 August 2004, and direct it to continue its examination of the scope and modalities for complaints of the types provided for under subparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994 and make recommendations to our next Session. It is agreed that, in the meantime, Members will not initiate such complaints under the TRIPS Agreement.

E-commerce

46. We take note of the reports from the General Council and subsidiary bodies on the Work Programme on Electronic Commerce, and that the examination of issues under the Work Programme is not yet complete. We agree to reinvigorate that work, including the development-related issues under the Work Programme and discussions on the trade treatment, inter alia, of electronically delivered software. We agree to maintain the current institutional arrangements for the Work Programme. We declare that Members will maintain their current practice of not imposing customs duties on electronic transmissions until our next Session.

47. We reaffirm our commitment to effectively and meaningfully integrate LDCs into the multilateral trading system and shall continue to implement the WTO Work Programme for LDCs adopted in February 2002. We acknowledge the seriousness of the concerns and interests of the LDCs in the negotiations as expressed in the Livingstone Declaration, adopted by their Ministers in June 2005. We take note that issues of interest to LDCs are being addressed in all areas of negotiations and we welcome the progress made since the Doha Ministerial Declaration as reflected in the Decision adopted by the General Council on 1 August 2004. Building upon the commitment in the Doha Ministerial Declaration, developed-country Members, and developing-country Members declaring themselves in a position to do so, agree to implement duty-free and quota-free market access for products originating from LDCs as provided for in Annex F to this document. Furthermore, in accordance with our commitment in the Doha Ministerial Declaration, Members shall take additional measures to provide effective market access, both at the border and otherwise, including simplified and transparent rules of origin so as to facilitate exports from LDCs. In the services negotiations, Members shall implement the LDC modalities and give priority to the sectors and modes of supply of export interest to LDCs, particularly with regard to movement of service providers under Mode 4. We agree to facilitate and accelerate negotiations with acceding LDCs based on the accession guidelines adopted by the General Council in December 2002. We commit to continue giving our attention and priority to concluding the ongoing accession proceedings as rapidly as possible. We welcome the Decision by the TRIPS Council to extend the transition period under Article 66.1 of the TRIPS Agreement. We reaffirm our commitment to enhance effective trade-related technical assistance and capacity building to LDCs on a priority basis in helping to overcome their limited human and institutional trade-related capacity to enable LDCs to maximize the benefits resulting from the Doha Development Agenda (DDA).

Integrated Framework

48. We continue to attach high priority to the effective implementation of the Integrated Framework (IF) and reiterate our endorsement of the IF as a viable instrument for LDCs' trade development, building on its principles of country ownership and partnership. We highlight the importance of contributing to reducing their supply side constraints. We reaffirm our commitment made at Doha, and recognize the urgent need to make the IF more effective and timely in addressing the trade-related development needs of LDCs.

49. In this regard, we are encouraged by the endorsement by the Development Committee of the World Bank and International Monetary Fund (IMF) at its autumn 2005 meeting of an enhanced IF. We welcome the establishment of a Task Force by the Integrated Framework Working Group as endorsed by the IF Steering Committee (IFSC) as well as an agreement on the three elements which together constitute an enhanced IF. The Task Force, composed of donor and LDC members, will provide recommendations to the IFSC by April 2006. The enhanced IF shall enter into force no later than 31 December 2006.

50. We agree that the Task Force, in line with its Mandate and based on the three elements agreed to, shall provide recommendations on how the implementation of the IF can be improved, inter alia, by considering ways to:

    1. provide increased, predictable, and additional funding on a multi-year basis;

    2. strengthen the IF in-country, including through mainstreaming trade into national development plans and poverty reduction strategies; more effective follow-up to diagnostic trade integration studies and implementation of action matrices; and achieving greater and more effective coordination amongst donors and IF stakeholders, including beneficiaries;

    3. improve the IF decision-making and management structure to ensure an effective and timely delivery of the increased financial resources and programmes.

51. We welcome the increased commitment already expressed by some Members in the run-up to, and during, this Session. We urge other development partners to significantly increase their contribution to the IF Trust Fund. We also urge the six IF core agencies to continue to cooperate closely in the implementation of the IF, to increase their investments in this initiative and to intensify their assistance in trade-related infrastructure, private sector development and institution building to help LDCs expand and diversify their export base.

Technical Cooperation

52. We note with appreciation the substantial increase in trade-related technical assistance since our Fourth Session, which reflects the enhanced commitment of Members to address the increased demand for technical assistance, through both bilateral and multilateral programmes. We note the progress made in the current approach to planning and implementation of WTO's programmes, as embodied in the Technical Assistance and Training Plans adopted by Members, as well as the improved quality of those programmes. We note that a strategic review of WTO's technical assistance is to be carried out by Members, and expect that in future planning and implementation of training and technical assistance, the conclusions and recommendations of the review will be taken into account, as appropriate.

53. We reaffirm the priorities established in paragraph 38 of the Doha Ministerial Declaration for the delivery of technical assistance and urge the Director-General to ensure that programmes focus accordingly on the needs of beneficiary countries and reflect the priorities and mandates adopted by Members. We endorse the application of appropriate needs assessment mechanisms and support the efforts to enhance ownership by beneficiaries, in order to ensure the sustainability of trade-related capacity building. We invite the Director-General to reinforce the partnerships and coordination with other agencies and regional bodies in the design and implementation of technical assistance programmes, so that all dimensions of trade-related capacity building are addressed, in a manner coherent with the programmes of other providers. In particular, we encourage all Members to cooperate with the International Trade Centre, which complements WTO work by providing a platform for business to interact with trade negotiators, and practical advice for small and medium-sized enterprises (SMEs) to benefit from the multilateral trading system. In this connection, we note the role of the Joint Integrated Technical Assistance Programme (JITAP) in building the capacity of participating countries.

54. In order to continue progress in the effective and timely delivery of trade-related capacity building, in line with the priority Members attach to it, the relevant structures of the Secretariat should be strengthened and its resources enhanced. We reaffirm our commitment to ensure secure and adequate levels of funding for trade-related capacity building, including in the Doha Development Agenda Global Trust Fund, to conclude the Doha Work Programme and implement its results.

Commodity Issues

55. We recognize the dependence of several developing and least-developed countries on the export of commodities and the problems they face because of the adverse impact of the long-term decline and sharp fluctuation in the prices of these commodities. We take note of the work undertaken in the Committee on Trade and Development on commodity issues, and instruct the Committee, within its mandate, to intensify its work in cooperation with other relevant international organizations and report regularly to the General Council with possible recommendations. We agree that the particular trade-related concerns of developing and least-developed countries related to commodities shall also be addressed in the course of the agriculture and NAMA negotiations. We further acknowledge that these countries may need support and technical assistance to overcome the particular problems they face, and urge Members and relevant international organizations to consider favourably requests by these countries for support and assistance.

Coherence

56. We welcome the Director-General's actions to strengthen the WTO's cooperation with the IMF and the World Bank in the context of the WTO's Marrakesh mandate

on Coherence, and invite him to continue to work closely with the General Council in this area. We value the General Council meetings that are held with the participation of the heads of the IMF and the World Bank to advance our Coherence mandate. We agree to continue building on that experience and expand the debate on international trade and development policymaking and inter-agency cooperation with the participation of relevant UN agencies. In that regard, we note the discussions taking place in the Working Group on Trade, Debt and Finance on, inter alia, the issue of Coherence, and look forward to any possible recommendations it may make on steps that might be taken within the mandate and competence of the WTO on this issue.

Aid for Trade

57. We welcome the discussions of Finance and Development Ministers in various fora, including the Development Committee of the World Bank and IMF, that have taken place this year on expanding Aid for Trade. Aid for Trade should aim to help developing countries, particularly LDCs, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade. Aid for Trade cannot be a substitute for the development benefits that will result from a successful conclusion to the DDA, particularly on market access. However, it can be a valuable complement to the DDA. We invite the Director-General to create a task force that shall provide recommendations on how to operationalize Aid for Trade. The Task Force will provide recommendations to the General Council by July 2006 on how Aid for Trade might contribute most effectively to the development dimension of the DDA. We also invite the Director-General to consult with Members as well as with the IMF and World Bank, relevant international organisations and the regional development banks with a view to reporting to the General Council on appropriate mechanisms to secure additional financial resources for Aid for Trade, where appropriate through grants and concessional loans.

Recently-acceded Members

58. We recognize the special situation of recently-acceded Members who have undertaken extensive market access commitments at the time of accession. This situation will be taken into account in the negotiations.

Accessions

59. We reaffirm our strong commitment to making the WTO truly global in scope and membership. We welcome those new Members who have completed their accession processes since our last Session, namely Nepal, Cambodia and Saudi Arabia. We note with satisfaction that Tonga has completed its accession negotiations to the WTO. These accessions further strengthen the rules-based multilateral trading system. We continue to attach priority to the 29 ongoing accessions with a view to concluding them as rapidly and smoothly as possible. We stress the importance of facilitating and accelerating the accession negotiations of least-developed countries, taking due account of the guidelines on LDC accession adopted by the General Council in December 2002.

Trade Growth in 2005 to slow from record 2004 pace

Lower economic output, brought on in part by the sharp rise in oil prices, will slow world trade growth in 2005, according to World Trade Organization economists. World merchandise exports are expected to grow by 6.5 per cent in 2005, markedly less than the 9 per cent growth recorded in 2004.

"While growth in trade will remain satisfactory in 2005 the decelerating trend is cause for some concern," said WTO Director-General Pascal Lamy. "To set us on the right course we need to create more opportunities for trade, particularly in developing countries, and we need to adjust global trade rules to better meet the needs of entrepreneurs in the 21st century. The way to achieve this is through the successful conclusion of the Doha Development Agenda round of global trade negotiations."

Trade growth picked up in OECD countries in the second quarter of 2005, but available information points to significant growth deceleration in intra-Asian trade and in US imports in the first half of 2005. The steep rise in real oil prices, to their highest level in more than two decades, has negatively affected consumer and business confidence in the oil importing countries. The full impact of the price increases is still to be felt in consumer and business expenditure.

The main statistics show that world merchandise exports increased in nominal terms by 21 per cent to $8.9 trillion in 2004. In real terms, merchandise exports rose by 9 per cent in 2004 compared with nearly 5 per cent in 2003. Trade in commercial services grew in nominal terms by 18 per cent to $2.1 trillion in 2004, which was also stronger than the 14 per cent growth recorded in the preceding year.

The WTO annual publication International Trade Statistics provides detailed information on global trade flows by region and product in 2004. The tables and charts will be available on the WTO website today. The printed version of this report will be available in December.

Key features of the world trade developments in 2004 include the following:

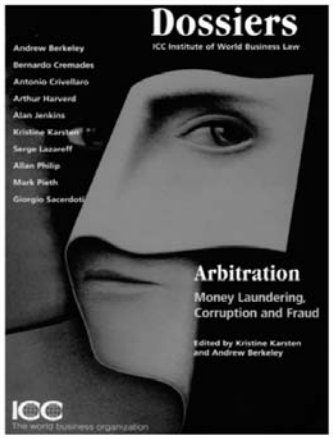
- Strong economic growth and rapid trade expansion were present in all regions in 2004.
- The expansion of merchandise trade continued to exceed merchandise output growth by a large margin. The excess of trade over output growth was again particularly large for manufactures.
- The sharp rise in prices and traded volumes of many primary commodities has often been a major factor explaining the relative strength of regions and product groups in international trade flows. The most prominent illustration of this is, of course, export growth of net oil exporters. The sharp increase in net oil imports of China, the United States and India since 2000 had been a major factor behind the expansion of oil trade and the increase in oil prices.
- Sharp price increases for iron and steel, ores, nonferrous metals and fuels combined with a further depreciation of the US dollar vis-à-vis the currencies of major European traders led to a double-digit price increase for world merchandise trade, the largest annual increase since 1995. These four product groups (iron and steel, ores, nonferrous metals and fuels) recorded export growth in excess of 30 per cent in 2004. Product groups with the weakest nominal growth in 2004 included agricultural products, textiles and clothing.
- Transportation services expanded by 23 percent to $500 billion, the fastest increase among all services categories. The expansion was boosted by rising transportation costs and a strong increase in the volume of merchandise trade.
- Oil exporting regions (the Commonwealth of Independent States, the Middle East and Africa) increased their merchandise exports much faster than the global average. North America and Europe are the two regions whose merchandise export and import growth remained below the global average growth in 2004.
- The merchandise exports of least-developed countries (LDCs) are estimated to have increased by one third to $62 billion in 2004. Higher commodity prices and an increase in the volume of crude oil contributed to this strong performance. Non-oil exporting LDCs recorded lower than average export growth for the group.
- The emergence of China as a major import and export market for goods and services continued unabated in 2004. The share of China in the exports and imports of many countries has doubled between 2000 and 2004. By 2004, China had become the world's third largest merchandise trader.

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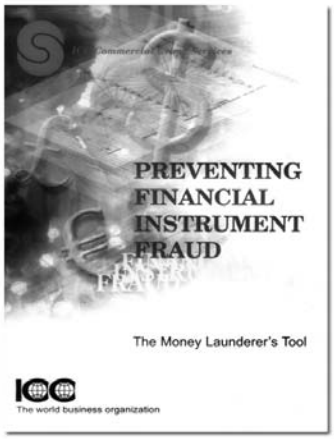












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