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ISSUES RELEVANT TO THE RETAIL INDUSTRY:**A. Foreign Investment and Office Establishment:**

1. Establishment: Foreign equity restrictions, including joint venture requirements
2. Establishment: Restrictive investment licensing procedures
3. Establishment: Minimum capitalization requirements
4. Establishment: Economic needs requirements
5. Establishment: Minimum performance requirements
6. Establishment: Limitations on size, geographic locations, scope of business
7. Establishment: Limits on choice of form of establishment (branch, subsidiary, representative office)
8. Establishment: Numerical limits on establishment (e.g., number of branch offices or ATMs in a country)
9. Establishment: Restrictions on land ownership or long-term leases
10. Establishment: Requirements to use local agents for distribution
11. Establishment: Lack of opportunity to discuss zoning problems
12. Establishment: Limitation on corporate establishment or investment regulations

B. Personnel and Movement of People:

- 1 Personnel: Numerical or other limits affecting ability to bring in personnel of choice (long-term hires/short-term hires? highly-skilled/low-skilled workers?), including economic needs tests (with or without specified criteria)
- 2 Personnel: Nationality requirements for top managers or others
- 3 Personnel: Limits on length of stay
- 4 Personnel: Other work permit or visa restrictions (long-term hires/short-term hires? highly-skilled/low-skilled workers?)
- 5 Personnel: Requirements to train domestic employees
- 6 Personnel: Requirements to the movement of personnel in the country or on a regional basis

C. Subsidies:

- 1 Subsidies: Government subsidies that affect U.S. companies' ability to compete in that country
- 2 Subsidies: Government subsidies that affect U.S. companies' ability to compete in *third* countries

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- 7 Regulations: Regulatory burdens that discriminate or limit companies in the host-country
- 8 Regulations: Standards in regulations higher than/lower than/otherwise not in step with international standards or practice
- 9 Regulations: Specific customs barriers that delay or otherwise affect procuring, distributing or selling in the country.
- 10 Regulations: Regulatory process which is restrictive/burdensome to the host-country
- 11 Regulations: Product standards/certifications which are restrictive/unnecessarily burdensome to the host-country
- 12 Regulations: Customs or Import requirements that affect business in the host-country

H. Monetary Restrictions:

- 1 Other: Restrictions on repatriation of profits; other currency restrictions

I. Miscellaneous Barriers:

- 1 Other: Inadequate host-country infrastructure: telecommunications, financial services, distribution, transportation, construction
- 2 Other: Restrictions on currency conversion that adversely affect business in the country
- 3 Other: Other Burdensome restrictions on fees, taxes, royalties
- 4 Other: Restrictions that are not imposed on domestic operators relating to procurement, warehousing, distribution or other areas
- 5 Other: Limits on ability of foreign consumers to travel to/make purchases from the United States
- 6 Other: Restrictions affecting electronic delivery of services overseas (voice, fax, internet)
- 7 Other: Regulations that limit access to private delivery services as alternatives to the government's postal services
- 8 Other: Restrictions on access to and use of domestic public networks (for transport, for telecommunications, for energy)
- 9 Other: Restrictive business practices between private parties
- 10 Other: Any other quotas or quantitative restrictions on services or service suppliers

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- 1 Monopolies: Foreign company has a monopoly in one sector and uses its monopoly status to compete unfairly in another, open sector

E. Government Procurement:

- 1 Procurement: Lack of transparency in procedures and regulations
- 2 Procurement: Discrimination in favor of host-country suppliers
- 3 Procurement: Discriminatory technical requirements
- 4 Procurement: Discriminatory qualification requirements or procedures
- 5 Procurement: Trade balancing requirements, technology transfer and R&D requirements, or other offsets
- 6 Procurement: Establishment/investment requirements

F. Preferences:

- 1 Preferences: Preferences that benefit domestic companies over foreign companies
- 2 Preferences: Preferences that benefit companies from certain foreign countries over others
- 3 Preferences: Preferences that benefit companies from members of a regional free trade agreement over others
- 4 Preferences: Preferences that benefit country companies over foreign companies

G. Regulatory Barriers:

- 1 Regulations: Restrictions in host-country accreditation and licensing requirements (affecting company/affecting individuals); non-recognition of qualifications or credentials
- 2 Regulations: Non-transparency in host-country accreditation and licensing requirements (affecting company/affecting individuals)
- 3 Regulations: Non-transparency, lack of advance notice of changes, lack of opportunity to comment on new/proposed regulations, no appeal of licensing decisions
- 4 Regulations: Competition regulations applied to regulate selective distribution, dealing, territory and minimum retail price arrangements
- 5 Regulations: Limitations to marketing or promotional programs
- 6 Regulations: Regulations applied in a uniform and non-discriminatory throughout the host-country

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WAL-MART

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May 1 2002

The Honorable Robert Zoellick
United States Trade Representative
Office of the U.S. Trade Representative

Attn: Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street NW
Washington, DC 20508

Re: Comments With Respect to Doha Multilateral Negotiations and Agenda in the World Trade Organization ("WTO") (67 Fed. Reg. 53,12637 (March 19, 2002))

Dear Ambassador Zoellick:

Wal-Mart Stores, Inc. ("Wal-Mart") submits the following comments in response to the March 19, 2002 *Federal Register* notice issued by the Office of the U.S. Trade Representative (USTR) regarding the Doha Multilateral Negotiations and Agenda in the World Trade Organization ("WTO") (67 Fed. Reg. 53,12637 (March 19, 2002)).

This letter constitutes the public version of the full submission. Pursuant to 15 C.F.R. 2003.6, we have identified information that concerns or relates to trade secrets and commercial and financial information the disclosure of which is not authorized by Wal-Mart nor required by law. In order to facilitate a full and frank colloquy with the USTR on identifying negotiation priorities, we urge the USTR to grant our request for confidential treatment of the information Wal-Mart has identified, which if disclosed to the public, could cause substantial harm to the competitive position of the company. If the Committee denies our request for exemption of sensitive materials, we request that we be notified in advance so that we may either withdraw or revise our submission to address USTR's concerns.

The retail industry and its ancillary industries will benefit substantially from greater trade liberalization. Thus, Wal-Mart requests that USTR consider adopting a negotiating strategy that incorporates both the comments in this letter, which outlines barriers that Wal-Mart faces in a majority of countries in which it does business, and the comments contained in the attachment to this letter. The following comments are Wal-Mart's general negotiating priorities:

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RETAIL SERVICES

Wal-Mart recognizes that certain countries have yet to make retail-related commitments under the General Agreement on Trade in Services (GATS). Wal-Mart encourages USTR to target those WTO Members that have made less than full commitments in services relevant to the retail, sourcing, and distribution sectors. In particular, it is important for USTR to focus on those countries with the largest economies that are more likely to sustain U.S. foreign investment if the restrictions on retail services were liberalized.

Only 51 WTO Members made specific commitments in retailing services, and of those Members, few made their commitments apply without substantial limitations. Wal-Mart would like to see improvements in the number and scope of specific commitments. Also, Wal-Mart would like to see improved commitments from those countries that have made commitments in Distribution Services, but still need to make commitments in Retailing Services.

Wal-Mart would like to see substantial improvement in country commitments in some of the following ways. First, few Members made commitments in both food and non-food retailing. Wal-Mart would like for countries to eliminate, or significantly reduce their limitations, on the trade of pharmaceuticals, agricultural goods, cosmetics, food items, and other consumables. Otherwise, some countries' product exclusions will continue to make their commitments in fact very limited. Countries also should be encouraged to remove any size limitations on individual stores, numeric limits on the number of stores in country and geographic limitations on store locations in the country.

Second, a similar barrier that remains in effect are broad cross-industry limitations on distribution services investment, such as equity participation, capital flows, and use and acquisition of land and real estate. For instance, the United States noted no cross-industry limitations related to investment, but other countries, in contrast, left their commitments unbound for all modes of supply. Of course Wal-Mart's preference is that countries eliminate investment and real estate restrictions across the board. However, if a country wants to limit or to monitor foreign investment, for example, in a particular sector, but it does not have such a need to do so for a retail store, it is preferable to apply the limitations narrowly instead of leaving the cross-industry commitments unbound.

Third, Wal-Mart encourages USTR to negotiate rules that would simplify and expedite the process for movement of natural persons employed by a U.S. company to other WTO Member countries. This objective is of particular importance for those countries in which Wal-Mart has retail operations and with which Wal-Mart does extensive trade or sourcing of products.

ANCILLARY SERVICES

Wal-Mart desires to see the greatest possible liberalization of trade rules on those services ancillary to retail, such as: commission services for product sourcing, inventory management, direct contract manufacturing, import and customs brokerage activities, transportation, express delivery, warehousing, information technology services, consolidation and deconsolidation of merchandise, distribution, marketing, advertising, telecommunication, financial services, and insurance.

Any restrictions applied to these ancillary operations will undermine benefits realized in other areas of the WTO agreements. Wal-Mart has experienced first-hand the effects that

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warehousing and distribution restrictions, as well as limitations on other ancillary services, can have an overall retail operations. Liberal and equitable commitments in the WTO negotiations on retail services would maximize Wal-Mart's ability to serve its consumers most efficiently.

RULES AFFECTING GLOBAL SOURCING

Wal-Mart would benefit from any other trade facilitation measures that would contribute to the more efficient movement of goods across borders. While formal negotiations on trade facilitation rules were delayed, Wal-Mart encourages USTR to prepare the ground for those negotiations so that a detailed program of negotiations may be agreed by 2003.

Wal-Mart is opposed to countries using their import licensing regimes as a trade barrier. If a country is going to retain its licensing regime, licensing should be handled by one regulatory body or should be streamlined through regulatory bodies, so as to avoid the imposition of conflicting agendas from numerous governmental bodies.

Furthermore, measures relating to certifications, standards, testing and labeling should be streamlined and transparent to assist retailers in minimizing unnecessary compliance costs when sourcing and distributing products. For example, many of the labeling and redundant testing requirements imposed by other countries on agricultural and food products are used more as a technical barrier to trade than as a means of promoting legitimate health or safety goals. Thus, Wal-Mart's ability to promote U.S. exports by selling U.S. made products in overseas Wal-Mart stores and SAMS Clubs is restricted.

Wal-Mart is adversely affected by the inconsistent application of tariffs and customs rules, especially rules of origin. Wal-Mart hopes WTO members adopt rules of origin that are easily administered, transparent, and assume a more "across the board" approach. Wal-Mart opposes increasing measures that must be applied to confer origin, in particular, by adding more value content requirements on top of a tariff shift rule of origin. Wal-Mart does not advocate the continuance of product-specific preferential rules of origin. Wal-Mart's experience has demonstrated that the preferential rules of origin for specific products are so narrowly and independently defined, that complying with the rules of origin is a burden on all participants, from the manufacturer through to the importer of record. Wal-Mart supports a set of origin rules that is simple, allows for domestic content requirements, and allows for use of materials from developing countries:

For its sourcing and distribution operations, Wal-Mart is adversely affected by high import tariffs on consumer items, including clothing and food products. Wal-Mart supports accelerated zero-for-zero tariff negotiations on consumer items or at a minimum a deep reduction in the applicable peak tariffs to 15% for example. This will assist Wal-Mart to promote the sale of U.S. goods to consumers shopping in overseas Wal-Mart and Sam's Club stores.

Another important initiative the United States should pursue is encouraging U.S. trading partners to establish surety bonding systems to cover the entry and/or exit of merchandise, similar to the system the United States has implemented. Such a system separates the entry of merchandise from the collection of duties. Inserting transparency in regulatory processes is an important tool of reform.

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Wal-Mart notes that the imposition of anti-dumping and countervailing duties amounts to an unanticipated and often prohibitive tax on trade. This negatively impacts U.S. imports, as well as U.S. exports. The improvement of trade remedy rules will benefit Wal-Mart both in the United States and in foreign markets, and it will benefit U.S. exporters who would like to sell their products abroad in Wal-Mart stores.

FOREIGN INVESTMENT

Wal-Mart supports the ongoing work on the reduction of trade related investment measures under the TRIMs Agreement. Those countries that have not yet made full commitments under this agreement or have made restrictive reservations should be encouraged to make better commitments. Additionally, Wal-Mart urges the USTR to ensure that Members who currently enjoy extensions to their TRIMs programs will dismantle these trade distorting measures upon expiration of these concessions without further extensions.

Being an active overseas investor in the retail, distribution and sourcing industries, Wal-Mart supports more work in the area of investment (tangible and intangible) under the WTO. In particular, Wal-Mart supports global rules that at a minimum would: (1) provide national treatment for the establishment, acquisition, expansion, management, conduct, operation, sale, or other disposition of investment; (2) permit all transfers of funds and investments to be made freely and without delay into and out of the country; (3) permit all transfers of funds to be made freely in a usable currency at the market rate of exchange prevailing at the date of transfer; (4) allow for greater flexibility for the entry and sojourn in a country of aliens that are personnel of a company with investment in that country; (5) enforce rules against expropriation and ensure that the governments make a commitment that they will not allow quasi-governmental or private citizens in effect to expropriate property; (6) ensure that laws, policies, and practices are transparent; and (7) provide companies with adequate and non-discriminatory access to an effective judicial process for the enforcement of rights.

OTHERS

In relation to intellectual property rights, Wal-Mart recognizes that the TRIPS Agreement has brought about a marked improvement in the enforcement of intellectual property rights by WTO Members. However, Wal-Mart urges the USTR to continue to improve the level of intellectual property protection especially in the area of trademarks. This improvement would ensure that Wal-Mart and other U.S. retailers will be able to better protect the economic value of their trademarks globally. However, it should be noted that current country practices that permit the practice of parallel trade in goods should not be eroded by future agreements that would effectively restrict large merchandisers.

As the retail industry continues to identify countries of significance to retail, distribution, sourcing, and ancillary services, Wal-Mart will continue to be in contact with USTR about new trade negotiating priorities. Further, Wal-Mart welcomes USTR's questions or requests for clarification about any of the elements of this letter or any of the attached reports.

Wal-Mart asks that USTR address several factors to the countries with which we do business as provided in the confidential version. The factors to be addressed are attached to this letter.

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Wal-Mart thanks USTR for its strong advocacy on behalf of U.S. interests and looks forward to working with USTR officials to identify and to remove all foreign trade barriers to U.S. goods and services. We submit these comments in order to assist the USTR in identifying priorities for negotiations under the WTO but we also hope that they will be used to address issues on a bilateral basis when the opportunity arises. In addition, it is possible that circumstances in an individual country may change either improving or worsening and Wal-Mart reserves the right to amend any section of the submission at a later date. Any questions concerning Wal-Mart's submission can be directed to me, at 479-273-4229, or to Taunus McLarty, at 479-277-2988.

Respectfully submitted,



Mike Duke
Executive Vice President, Administration
Wal-Mart Stores, Inc.

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