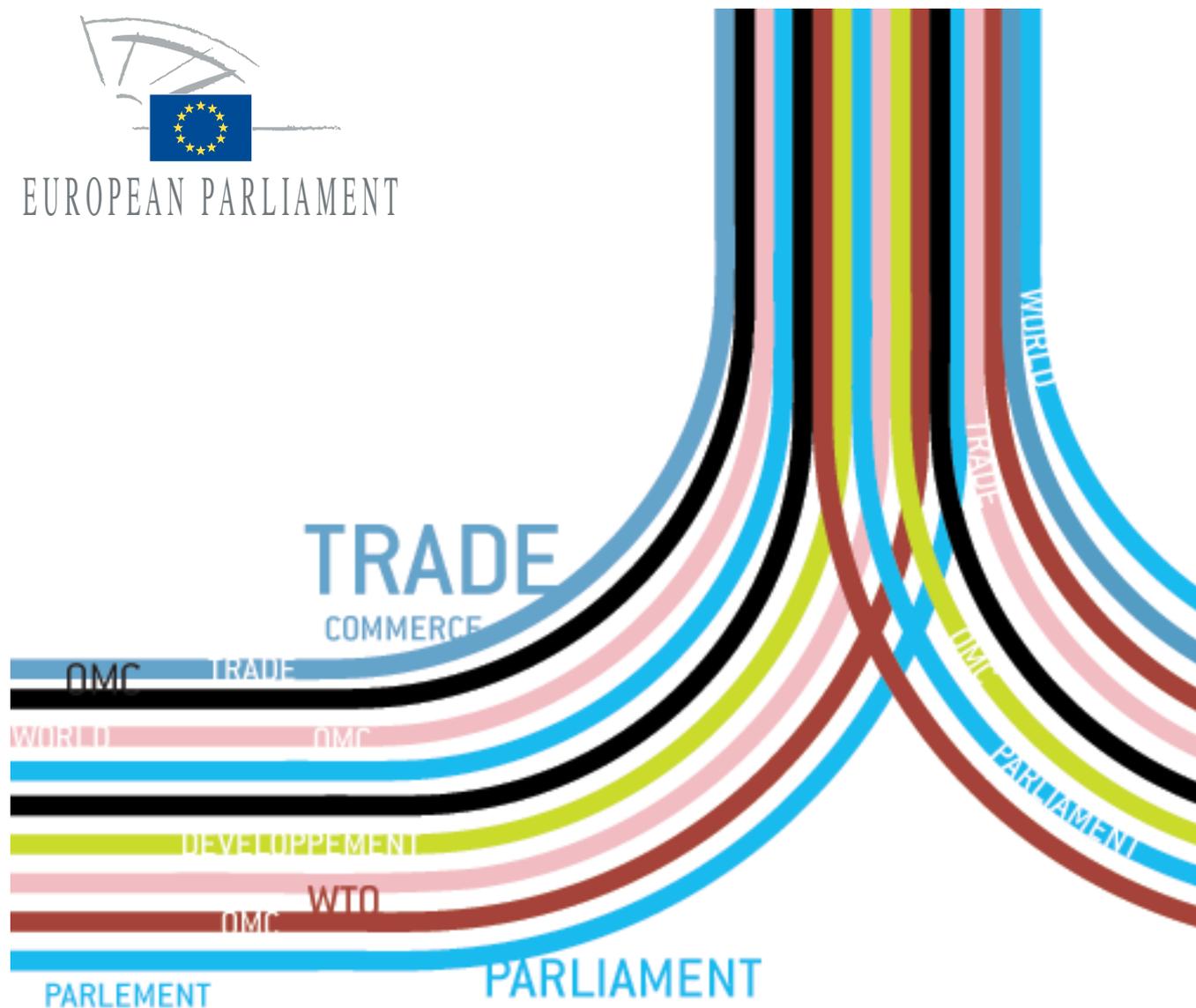




EUROPEAN PARLIAMENT



# PARLIAMENTARY CONFERENCE

on the

# WTO

organised jointly by the Inter-Parliamentary Union and the European Parliament.



**24-26.11.2004**

**in Brussels**

© Inter-Parliamentary Union and European Communities, 2005

All rights reserved. No part of this publication may be produced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the Inter-Parliamentary Union or the European Parliament.

This publication is circulated subject to the condition that it shall not by way of trade or otherwise, be lent, sold, hired out or otherwise circulated without the publisher's prior consent in any form of binding or cover other than in which it is published and without a similar condition including this condition being imposed on the subsequent publisher.

Photographs: © European Communities, 2005

*Printed in Luxembourg*

**ISBN 92-823-1962-8**

## TABLE OF CONTENTS

ANNOTATED AGENDA OF THE CONFERENCE.....	5
PROGRAMME OF THE CONFERENCE.....	7
INAUGURAL CEREMONY	
Mr Josep Borrell Fontelles, President of the European Parliament .....	9
Mr Laurens Jan Brinkhorst, Minister of Economic Affairs of the Netherlands Representing the current Presidency of the Council of the European Union .....	11
Shotaro Oshima, Ambassador, Permanent Representative of Japan to the World Trade Organisation, Chairman of the World Trade Organisation General Council. ....	12
Mr Sergio Páez Verdugo, President of the Inter-Parliamentary Union. ....	14
PLENARY SESSION ON THE WTO GENERAL COUNCIL DECISIONS OF 31 JULY 2004	
Mr Peter Mandelson, European Trade Commissioner .....	16
Mr Peter Grey, Ambassador of Australia to the European Communities, Belgium and Luxembourg. ....	17
Mr Luiz Felipe de Seixas Corrêa, Ambassador, Permanent Representative of Brazil to the World Trade Organisation .....	19
Mr U.S. Bhatia, Ambassador, Permanent Representative of India to the World Trade Organisation .....	20
Mr Christopher Wilson, Office of the United States Trade Representative, Brussels .....	21
Discussion on the significance of the World Trade Organization General Council Decision. ....	23
AGRICULTURE DISCUSSION PAPERS. ....	31
PLENARY SESSION ON AGRICULTURE	
Mr Bouremia Gado (Niger) .....	37
Mr Joseph Daul (European Parliament) .....	38
Mr Masatoshi Wakabayashi (Japan) .....	40
Ms Evelyn Matthei Fornet (Chile) .....	41
Discussion on Agriculture .....	42
Concluding Remarks .....	51
TRADE IN SERVICES FROM A DEVELOPMENT PERSPECTIVE DISCUSSION PAPERS .....	55
PLENARY SESSION ON TRADE IN SERVICES FROM A DEVELOPMENT PERSPECTIVE	
Mr Rupchand Pal (India) .....	55
Ms Ann McKechin (United Kingdom) .....	56
Mr Ibikunle Amosun (Nigeria) .....	56
Ms Paddy Torsney (Canada) .....	58
Discussion on Trade in Services from a Development Perspective. ....	64
Concluding Remarks .....	70

INTERACTIVE SESSION: WITH THE PARTICIPATION OF THE WORLD TRADE ORGANISATION DIRECTOR-GENERAL DR SUPACHAI PANITCHPAKDI .....	74
Discussion with Dr Supachai Panitchpakdi .....	74
SIDE EVENT: THE PRACTICAL ASPECTS OF TRADE-RELATED CAPACITY-BUILDING, WITH A SPECIAL FOCUS ON THE NEEDS OF PARLIAMENTS .....	85
Chaired by Ms Erika Mann .....	85
Mr Serafino Marchese .....	86
Ms Manuela Tortora .....	88
Mr David Luke .....	89
FINAL DECLARATION .....	90
RULES OF PROCEDURE .....	93

## ANNOTATED AGENDA

1. Adoption of the agenda
2. Interactive panel discussion: The significance of the WTO General Council decision of 31 July 2004 for the future of the Doha Round

*Following marathon negotiations, on 31 July 2004 the WTO General Council adopted a package of decisions providing a roadmap for moving forward the process started in Doha. The group of five (Australia, Brazil, European Union, India, United States of America) played an important role in this breakthrough, as did others including the WTO Director-General and the Chairman of the WTO General Council. By way of introduction, participants in the Parliamentary Conference will have an opportunity to listen to the views of top WTO negotiators on the future of the Doha Round and will be able to pose direct questions in this regard.*

3. Debate on substantive themes:

*The Brussels session of the Parliamentary Conference on the WTO is taking place when, notwithstanding renewed momentum in the negotiations, some important differences remain between the positions of WTO Members. Concentrated political will is required to bring the negotiations to a successful conclusion. Conference delegates are invited to focus, from a parliamentary perspective, on some of the key areas of current WTO negotiations.*

(a) Agriculture

*Agriculture is of critical importance to economic development and growth prospects of many developing countries and is equally essential for developed countries. This is why one of the major merits of the WTO General Council's decision of 31 July 2004 was the adoption of a framework for establishing negotiating modalities in agriculture. For the first time, WTO Members have agreed to abolish all forms of agricultural export subsidies by an end date to be determined, substantially reduce trade-distorting domestic support in agriculture, and expand market access for agricultural goods through significant reduction in tariffs and non-tariff barriers. Members have also undertaken to address "ambitiously, expeditiously and specifically" the issue of cotton subsidies. Conference delegates are invited to discuss how parliamentarians can contribute to the materialization of this compromise sketched in the 31 July 2004 decision, recognizing the development imperatives of developing countries.*

(b) Trade in services from a development perspective

*In many countries, including least developed ones, services play an important role in the domestic economy but generate only a fraction of export earnings. To advance the negotiations on trade in services in line with the Doha mandate, WTO Members have committed to achieve progressively higher levels of liberalization with no a priori exclusion of any service sector or mode of supply, while giving special attention to the interests of developing countries. Under this item, Conference delegates are invited to discuss how parliaments can facilitate progress in the services negotiations and to come up with specific recommendations in this regard.*

4. Adoption of the Rules of Procedure of the Parliamentary Conference on the WTO

*At the Cancún session, it was decided to establish the Rules of the Parliamentary Conference on the WTO. The Steering Committee has prepared a draft of such Rules which it submits to the Conference for adoption. The Rules would be applied as from the following session of the Conference.*

5. Adoption of the outcome document

*At the end of the session, the participants will be invited to consider and adopt an outcome document, the draft of which will be prepared by the Conference Steering Committee.*

\* \* \*

Optional side event: Practical aspects of trade-related capacity-building with special focus on the needs of parliaments

*Technical assistance and capacity-building programmes adjusted to the needs of developing countries are vital for advancing the Doha Development Agenda. The growing role of parliaments in overseeing governments' action in multilateral trade negotiations requires capacity-building measures focused on the unique oversight functions of*

*parliaments. On the other hand, such measures should be seen as an integral part of the commitment efforts to enhance the developing countries' overall capacity to negotiate and effectively implement agreements.*

*During this one-hour optional event, to be held during the lunch pause on the second day of the Conference, delegates will be briefed on current programmes carried out by UNDP and UNCTAD in this field and will have an opportunity to put forward their suggestions for strengthening capacity-building measures, in particular those focused on the needs of parliamentarians specializing in international trade.*

## PROGRAMME OF THE SESSION

### Tuesday, 23 November

3 - 6 p.m. Registration of participants

### Wednesday, 24 November

8 a.m. - 6 p.m. Registration of participants

9 a.m. - 12.30 p.m. Pre-Conference session of the Steering Committee (in camera meeting)

3 - 3.30 p.m. **Inaugural ceremony**

Speeches:

- Mr. Josep Borrell Fontelles, President of the European Parliament
- Mr. Laurens Jan Brinkhorst, Minister of Economic Affairs of the Netherlands, representing the current Presidency of the Council of the European Union
- Mr. Shotaro Oshima, Ambassador, Permanent Representative of Japan to the WTO, Chairman of the WTO General Council
- Mr. Sergio Páez Verdugo, President of the Inter-Parliamentary Union

3.30 - 6.30 p.m. **Plenary session**

Adoption of the agenda and other organisational issues

3.45 p.m. Interactive panel discussion: The significance of the WTO General Council decision of 31 July 2004 for the future of the Doha Round

Panelists:

- Mr. Peter Mandelson, European Trade Commissioner
- Mr. Peter Grey, Ambassador of Australia to the European Communities, Belgium and Luxembourg
- Mr. Luiz Filipe de Seixas Corrêa, Ambassador, Permanent Representative of Brazil to the WTO
- Mr. U.S. Bhatia, Ambassador, Permanent Representative of India to the WTO
- Mr. Christopher Wilson, Office of the United States Trade Representative, Brussels

6.30 p.m. Reception hosted by the European Parliament

### Thursday, 25 November

9 a.m. - 6 p.m. Registration of participants

9 a.m. - 12.30 p.m. Continuation of the plenary session

**Substantive theme (a)      *Agriculture***

Discussants:

- Mr. Boureima Gado, MP (Niger)
- Mr. Joseph Daul, Member of the European Parliament
- Mr. Masatoshi Wakabayashi, MP (Japan)
- Senator Evelyn Matthei Fornet (Chile)

2 - 3 p.m. **Optional side event on practical aspects of trade-related capacity- building with special focus on the needs of parliaments**

*Experts:*

- Mr. Serafino Marchese, Counsellor, Institute for Training and Technical Cooperation, WTO
- Ms Manuela Tortora, Chief, Technical Co-operation Service United Nations Conference on Trade and Development (UNCTAD)
- Mr. David Luke, Senior Adviser, UNDP Office in Geneva

3 - 6.30 p.m. Continuation of the plenary session

***Substantive theme (b) Trade in services from a development perspective***

*Discussants:*

- Ms. Paddy Torsney, MP (Canada)
- Mr. Rupchand Pal, MP (India)
- Senator Ibikunle Amosun (Nigeria)
- Ms. Ann McKechin, MP (United Kingdom)

7 - 9 p.m. *Drafting Committee (in camera meeting)*

**Friday, 26 November**

9 a.m. - 12.30 p.m. Continuation of the plenary session

9 a.m. - 10 a.m. Adoption of the draft Rules of Procedure of the Parliamentary Conference on the WTO (to be applied as from the following session of the Conference)

10 a.m. - 11.30 a.m. Interactive session with the participation of the WTO Director-General, Dr. Supachai Panitchpakdi

11.30 a.m. - 12.30 p.m. Adoption of the outcome document and closure of the session.

## INAUGURAL CEREMONY

### **Speech by Mr Josep Borrell Fontelles President of the European Parliament**

Mr Minister, Mr Ambassador Oshima, Dr Pérez, ladies and gentlemen,

For the President of the European Parliament it is no small honour and a great pleasure to welcome all those participating in the Third WTO Parliamentary Conference. For those of us who work and debate here, it is a real pleasure to be able to organise, hand in hand with the Inter-Parliamentary Union, a conference with over 400 participants including parliamentarians and delegates from over 70 countries and all five continents. I can think of nowhere more appropriate for parliamentarians from all over the world to convene than this Parliament of ours, in which 25 different parliamentary traditions coexist, working in 20 different official languages.

As you know, the European Parliament has been solidly behind developing the parliamentary dimension of the WTO - above all since the events in Seattle, with a view to tackling the growing concerns of world public opinion as to the effects of globalisation. Globalisation is not merely an economic phenomenon, but a profoundly political one as well: it affects the very structure of all our societies. For that reason, the European Parliament has always sought to promote public debate on the role of the WTO. The Parliamentary Conferences held in Geneva and Cancún, as well as today's in Brussels, are the most visible fruit of the European Parliament's efforts.

Thanks to the co-operation of the European Parliament and the Inter-Parliamentary Union, and thanks above all to our common, shared interests as parliamentarians from all over the globe, we are meeting here today to work towards three goals.

- (1) We are meeting firstly to examine the activities of the WTO, and promote transparency in the negotiations which take place within the WTO, by improving dialogue between governments, parliamentarians and civil society.
- (2) We are also meeting in order to deepen, broaden and enrich our perspectives as parliamentarians from all over the world by exchanging views, and to increase our knowledge, as individuals, of ever more complex issues.
- (3) Finally, we are also meeting in order to contribute our own proposals to the current negotiations taking place within the WTO.

Ladies and gentlemen, I believe that this Parliament, this union of parliaments here in this chamber, should and can be a sounding box which will allow the world wide public debate on economic globalisation and its political consequences to be heard across the planet. If I may, I think I can sum up our work as being that of building bridges between the protests in the street and the negotiations which take place in the corridors of power. Both things are really happening. There are protests in the street, large numbers of protests, but they will not replace the negotiations going on within political organisations. Those negotiations, however, cannot be alien to, remote from and utterly indifferent to the protests going on in the streets of the world. Uniting protests with negotiation, the feelings of public opinion with the responsibility of governments, should be part of our objective. And that objective is more necessary than ever, because world trade and the WTO are facing, if I may say so, a threefold challenge. Firstly, globalisation has forced the trade policies of every single country, and naturally, EU trade policy, like the WTO itself, to manage a far wider range of commercial activity than what used to be the trading and trafficking of merchandise.

Today trade means: services, intellectual property, telecommunications, etc. These are products which have no physical weight or bulk, products which are not physically transported, but which are of growing strategic importance. The WTO, moreover, has an ever greater impact on social policies, health and the environment. The WTO is more than an organisation and more than simply trade. Secondly, economic globalisation and the WTO are facing what could be described as a certain amount of global discontent. It is precisely because trade policy has expanded and its impact on the lives of thousands of millions of human beings all over the planet has increased that civil society and public opinion have demanded a more transparent, fairer and more balanced international trade system. Finally, a third challenge sees the WTO facing its moment of truth after the failures of previous meetings. That moment of truth is embodied in Doha. It remains to be seen if the WTO will prove capable of successfully resolving these complex multilateral negotiations which, under the banner of development, have their next major appointment with destiny in Hong Kong at the end of 2005.

These three challenges encapsulate what could be called the 3 Ds: Development, Democracy and Doha. This slogan - Development, Democracy and Doha - indicates, represents and sums up the WTO's function. The three corners of this triangle of democracy, development and trade negotiations need to be in balance. The triangle has to be an equilateral triangle, so that we can make progress towards a fairer and more orderly globalisation which will turn trade into a driving force for growth and for the eradication of poverty.

The disappearance or impotence of the WTO would not be good news. It would not be good news above all for the world's poorest countries. They are the ones who have most need of an orderly multilateral system which will regulate the market jungle by imposing fair and efficient rules. I think that we have to stand up for pragmatic multilateralism, which is the natural inheritance of our tormented European history. In other words, the European commitment to multilateralism on all fronts is not merely the outcome of choice, which of course it is, but also the child of necessity. The necessity in question is more pressing than ever. We live in a world that is more and more concerned about security. We need to be fully aware that security will slip through our fingers if we do not tackle the underlying causes of insecurity, namely hunger, poverty, disease, injustice and despair. For that reason, in order to create hope, combat poverty, tackle disease and hunger, and generate economic development, we are meeting here today with this ambitious programme before us. I wish you all success in working through this programme. Tackling it successfully will mean that we parliamentarians are not simply onlookers at the trade negotiations. For negotiations without our participation, without a leading role for the political representatives of the man and woman in the street, would not constitute a stable solution for the world we live in today. Let us work to make sure that things happen as we want them to. Allow me, on behalf of the European Parliament, to welcome you to Brussels and wish you all a pleasant and fruitful stay.



Mr Brinkhorst (left) and Mr Borrell Fontelles

**Speech by Mr Laurens Jan Brinkhorst  
Minister of Economic Affairs of the Netherlands  
Representing the Presidency of the Council of the European Union**

I am very pleased to be at your conference, which opens on the issues of trade and parliamentary involvement. Both issues, the trade dimensions and parliamentary affairs, are dear to my heart. I believe, Mr President, that this conference takes place at a very opportune moment because Europe, one might say, is back in business. Since this week, there is a new European Commission. Mr Mandelson has taken over from Mr Lamy and a new European Parliament can start a real dialogue about the future. As President of the Trade Council of Ministers, following a meeting with all the Trade Ministers of the European Union which I had the honour to chair, in the presence of Lamy and Mandelson, I can give you a very strong message coming from that meeting - Doha must succeed! It is the number one priority for the trade community of the European Union. It is essential because in the words of our previous Commissioner, Pascal Lamy, in an age of globalisation, we do not only need markets but we also need regulation. We need what is called 'globalisation maitrisée' which is managed globalisation. That is what is at stake today. In that context of managed globalisation, very clearly, domestic policy can no longer be seen in isolation from the rest of the world, from the international context. This is of course particularly clear in the economic field.

Quite clearly also, citizens have broadened their horizons, demanding accountability, not only for domestic policy but also for the growing international dimension. Our new President made it very clear, we cannot afford another Seattle, we should succeed. After Cancún we got Geneva and after Geneva we will hopefully conclude in Hong Kong at the end of next year. In that context, very clearly, Parliaments need to respond to the fact of interdependence and to call for accountability. I think indeed, the European Parliament, which I have been honoured to serve as a member for five years, is a very important example of this.

The European Parliament recently created a new Committee on International Trade, which puts trade issues more firmly on the agenda of the Parliament. In parallel, the new European Constitution gives a larger role to the European Parliament with regard to International Trade. This will enlarge the role of this Committee in trade negotiations, and give the Parliament a say in the adoption of trade agreements. A clear role for the European Parliament to play in setting the EU's positions in trade negotiations and policy is more than justified. The European Parliament is responding to this challenge. This meeting itself is evidence that Parliaments everywhere are responding to the challenge. But the question is how best to contribute.

Parliaments are uniquely placed to articulate a broad vision of policy and at the same time, to control the execution of that vision. We all know that many issues have trade aspects, just as trade aspects touch upon other policy areas. Social, development, environmental, consumer safety issues, to name but a few. Parliaments should not be afraid to look at the interrelationship of issues, some perhaps not even directly concerned with trade, but which will have an influence on trade or external trade relations.

To give you a concrete example, I am not only chairing the Trade Ministers' Council but also the Competitiveness Council. There is a very clear relation between trade and competitiveness. A clear relationship exists between the European Union economic growth agenda and international trade. Further trade liberalisation will help the European Union to reach its objectives as formulated in the Lisbon Agenda.

We cannot separate domestic policy from international policy. In this respect I very much welcome the fact that the new Trade Commissioner, Mr Mandelson, will also be directly involved in the discussions on the competitiveness of the European Union economy. Having said that, if one takes a broad view, it also implies that Parliaments give some leeway in the execution of policy. In the trade area, this might mean resisting the temptation to second guess the negotiators on a line by line basis, while focussing overall balance of the negotiations and holding negotiators to account. Because indeed, I say this with great conviction, the global economy is now too important to be left to technocrats.

I am very pleased that the constructive spirit of all, which made the re-launch of the WTO Round possible this summer, has continued to animate work. A lot of work needs to be done but we are well on our way to laying the groundwork for next year's Ministerial Conference in Hong Kong.

After Cancún, the DDA negotiations were basically restricted to four main issues, in order to try to tackle some of the most difficult areas. These were agriculture, non-agricultural market access, trade facilitation and some development issues. Rules like anti-dumping, issues of trade and environment and dispute settlements will also progress. I am confident that things are now moving well across the board. As I have said earlier, it is important that Parliaments are involved at all stages of WTO negotiations. There should be no surprises when the time comes to ratify outcomes.

And your support as Parliaments, national and European, is absolutely fundamental. Substantive negotiations can only benefit from more political input and deliberation.

We talk here in a European context at the European Parliament, but this of course applies for all continents. I have a belief that this meeting will no doubt contribute to a deeper understanding, to a stronger democratic control and international co-operation, and a much better quality of WTO negotiations. Against that background, I wish you well.

**Speech by Mr Shotaro Oshima  
Ambassador, Permanent Representative of Japan to the WTO  
Chairman of the WTO General Council**



It is my great honour and privilege to be given the opportunity to speak at this Brussels session of the Parliamentary conference on the WTO. Since the July General Council decision, we in Geneva are now fully engaged with renewed vigour in the Doha Round of negotiations. When I look back, however, at the final stretch of negotiations last July, I cannot but feel that it was only possible due to a fortuitous alignment of the stars. In that constellation, the most important gravitational pull towards an agreement at that time was the recognition, shared by all concerned, that we could not fail. The common appreciation that the credibility of the multilateral trading system and the WTO hinged on the outcome was the most critical motivating factor. It was also very clear from the activities of the Inter-Parliamentary Union and the individual Parliaments that parliamentarians strongly shared the political commitment to contribute to the success in July. We now look ahead and pursue the objective of the successful and timely conclusions of the DDA. Active commitment and support from the legislative

branch of the WTO members will continue to be essential. Thus the opportunity for exchanges between the WTO and IPU and Parliamentarians are always very welcome, given the central role of national Parliaments and parliamentarians in trade negotiations and the implementations of trade policies.

Today I would like to briefly describe to you (1) what I believe to be the salient features of the July decision, (2) where we are in the negotiations and (3) how we are to proceed in the coming months.

The July package was made up of a number of important decisions, which allowed the Doha negotiations to be brought back on track. First and foremost was the agreement in the area of agriculture which involved the commitment to eliminate export subsidies and parallel commitments in other areas of export competition as well as commitments in the other two pillars, namely domestic support and market access. Another important factor was the renewed commitment in the area of development related issues. The decision to launch negotiations on trade facilitation and not to negotiate the other three so-called Singapore issues during the present Doha Round put to rest the debate that had been festering ever since the decision to launch the DDA. With this compromise on the Singapore issues, members have, at last, clearly defined the outer perimeters of the single undertaking or the subject matters to be part of the comprehensive package at the end of the Round. Just as the decision on the Singapore issues defined the breath of the negotiations, the decision to extend the deadline of the Round beyond the original 1 January 2005 mandated at Doha, together with a decision to hold the Sixth Ministerial Conference in Hong Kong in December next year, provided a time frame for the work ahead.

To the present - with these and other important agreements in July, the negotiations have entered a new and crucial phase. A new negotiating group on trade facilitation was formally established in October and is already actively pursuing the mandate given to it in July. The other negotiating groups have met at least once and have scheduled a series of meetings in the months ahead. The pace of work across the board is such that some concern is expressed that smaller delegations in Geneva might have difficulty in keeping up. While we need to be mindful of not overloading the system, we must also recognise that the task ahead is indeed daunting and members need to maintain the same determination and zeal that made the July decision possible.

Allow me, at this juncture, to briefly outline some of the possible issues arising from the July decision that would require careful handling and painstaking negotiations among members. With respect to agriculture, far-reaching commitments were reached on all three pillars. However, a number of gaps remain to be filled and prickly issues to be resolved. The nature of the challenge in non-agricultural goods market access (NAMA) is arguably different from agricultural negotiations. Members are required to find a satisfactory balance in the weeks ahead for the three major issues: formula, sectoral approach and flexibility.

With respect to services, while progress has been made, the number of initial offers remains quite low. The challenge is to get more countries to submit offers and get those who have already done so to improve their quality, particularly in sectors of importance to developing countries, before the target date of May 2005. In relation to the negotiations on rules, it is important to ensure that these negotiations continue to progress in parallel with other areas under the DDA work programme. With respect to trade facilitation, the newly established negotiating group is fully engaged, but no doubt there will be some difficult issues to be resolved.

On development issues, hard work is necessary to ensure that DDA lives up to its name, the Doha Development Agenda. The Membership should respond positively to the special needs of developing countries and facilitate their further integration into the multilateral trading system. Substantive progress has to be made both on special and differential treatment and the implementation issues. This can only be achieved with a spirit of realism on all sides.

How are we to proceed? Discussions have started on how to manage the dynamics of the current phase of negotiations during the next twelve months. Developing a shared notion of a way forward, we hope the work leading to the Hong Kong Ministerial Conference will provide the best platform for the timely and successful conclusion of the DDA. There seems to be an emerging sense that next spring members should take stock of their achievements in various negotiating groups; then set goals for the Hong Kong meeting. By late spring or early summer, the situation could very well warrant strong guidance from the political level. In whatever manner we might map our work in the months ahead, to meet the challenge of successfully concluding this comprehensive Round of multilateral trading negotiations, it is important that transparency and inclusiveness continue to be the guiding principles. Our work needs to be inclusive, because one of the major objectives is ensuring the fuller integration of developing countries into the world economy, while boosting economic growth through trade. Studies conducted by a number of reputable institutions, including the World Bank and OECD, have all indicated that the gains from the DDA could run into several billions of dollars, with developing countries receiving a sizeable share.

While bilateral and regional trade agreements are now actively pursued by various countries, they do not offer the same level of market access or the broad application of trade rules and disciplines as does the multilateral trading system. Furthermore, they do not provide adequate protection to small and vulnerable countries, unlike the multilateral trading system, which provides a bulwark against power-orientated solutions by ensuring that any agreement reached under its auspices strikes a careful balance between the interests of all members. It offers countries a credible mechanism to resolve trade disputes in a timely and efficient manner.

It is against this backdrop that we should all persevere with our efforts to strengthen the multilateral trading system and make it more responsive to immediate and future challenges. There are quite a number of challenges but, if we work together with a clear sense of purpose, we shall succeed in constructing a vibrant system, which we can bequeath to future generations. Responding to these challenges, we need to work in a transparent manner because positive appreciation and active support of all stakeholders are critical. In particular the role of parliamentarians, as the effective link between the trade negotiators on the one hand and individuals, benefiting or being otherwise affected by trade on the other, constitutes one of the most important keys to success. Your continued support, guidance and leadership as parliamentarians will continue to be vital to our common interest in a truly inclusive, dynamic system which can serve its members whatever their size or level of development.

**Speech by Mr Sergio Páez Verdugo  
President of the Inter-Parliamentary Union (IPU)**



Let me start by emphasising what we think is a notable achievement of the joint work carried out by the Inter-Parliamentary Union and the European Parliament. The parliamentary dimension of the WTO, which a few years ago was only a dream, is now a reality. The process is now well under way and has started to bear fruit. Last year we met in Geneva and in Cancún. We are here today in Brussels and are already making initial preparations for the Parliamentary Conference on the WTO which will meet again next year in Hong Kong on the occasion of the Sixth Ministerial Meeting of the WTO. Legislators, who specialise in international trade, can see for themselves the added value of these regular parliamentary meetings, which focus on WTO negotiations.

The Parliamentary Conference on the WTO was set up by the IPU and European Parliament and was seen as a privileged opportunity for legislators to follow and keep pace with multilateral trade negotiations. Parliamentarians can look in more detail at these complex and controversial aspects of

international trade and interact with government representatives who are directly involved in WTO negotiations. Even more importantly, the conference is the forum where parliamentarians can interact with their peers and learn from their experiences and take part in a democratic debate on the consequences of globalisation of which the WTO is often seen as the manager and promoter.

As representatives, elected by our peoples, we are aware of the increasing feeling of discontent of citizens as regards certain aspects of trade policies negotiated and implemented through the WTO. We cannot ignore these criticisms. Instead we must face up to them and debate so as to find answers.

In Cancún, parliamentarians reaffirmed their commitment to the promotion of free and fair trade which benefits people and to improve significantly the conditions of development geared towards alleviating poverty. These objectives will not be achieved without the participation of Parliaments because they are responsible for implementing legislation, which makes the international trade system more open, fair, predictable and less discriminatory. Parliamentary participation can help the WTO to be more transparent and inclusive and therefore better understood and better supported. The IPU believes that parliamentary monitoring of the agreements negotiated in the WTO is important for the future of the development, as it is for the future of democracy. It is particularly gratifying to see that Parliaments in many countries do not limit their role merely to ratifying trade agreements negotiated as overall treaties. Instead, they take part in establishing national objectives for trade negotiations. They establish relevant parliamentary control mechanisms and scrutinise the work of government negotiators. As a consequence, Parliaments are faced with fewer difficulties in adapting internal legislation to the rules and regulations of the WTO. We recognise that WTO negotiations are the responsibility of governments. However, we believe that, by virtue of the principle of separation and the co-ordination between public authorities, interaction with Parliaments is vital in order to ensure democratic control of the WTO, especially as we are talking about an international institution which has many powers and whose influence goes well beyond aspects of trade.

As a consequence, we have seen that many trade negotiators in different countries are devoting increasing amounts of time to consulting their national Parliaments and listening to the opinions of the legislators on the agreements that are being negotiated. Also, we think it is a positive sign that Parliaments are being included in national delegations that take part in trade negotiations. Over three hundred legislators were present at the Ministerial Conference in Cancún. I am delighted to see that many of them are here today amongst us. Therefore, after this session, we must work in a co-ordinated and proactive manner in order to ensure that the parliamentary presence in the Ministerial conference next year will be even more relevant. We can see that executive bodies are opening up to Parliaments, a sign of this is the presence of the President of the General Council, Ambassador Shotaro Oshima, who also attended the meetings of the Steering Committee at the end of September in order to inform its members of the progress made by the WTO last July. In many ways, the decisions taken in July have prepared the ground for our session. We will look at them in greater detail when some of the main WTO negotiators share with us their opinions on the impact of these agreements

in terms of successfully concluding the Doha process. The July decisions taken by the General Council concern our discussion on two fundamental areas of this session: agriculture and trade in services.

Agriculture is at the heart of current WTO negotiations. The stakes are high because this is an important aspect for the economic development and growth prospects of many of its members, both developing countries and developed countries. The July package established a framework for negotiation in agriculture but left complex decisions for future negotiations. There is every reason to hope that the debate on this topic, in this session, will be fruitful and lively.

The second main point on the agenda relates to trade in services. This issue has been present in negotiations for many years but progress has been really disappointing. Therefore we welcome the decision of the General Council to approve a number of recommendations which will facilitate negotiations. Parliaments must look at this problem and must pledge to give the necessary political impetus to this process.

Towards the end of the session, we hope to adopt the Rules of Procedure of the Parliamentary Conference on the WTO, which will be applied as of the next session in Hong Kong. This will be an important decision because it will provide greater transparency to its working methods and its structure. In this way, the parliamentary contribution to the WTO will be more effective and more institutionalised. Obviously we hope that, as happened in Cancún, this important event will be crowned with success following a rich and constructive debate as parliamentary tradition dictates. I officially declare open the Brussels session of the Parliamentary Conference on the WTO.

## PLENARY SESSION

### The significance of the WTO General Council decision of 31 July 2004 for the future of Doha Round

**Mr Peter Mandelson**  
European Trade Commissioner, European Union



Trade, openness, Doha and the WTO are what bring all of us here today. I welcome this event, I think it will make a very important contribution to opening up trade policy to further public debate in our respective Parliaments. This is a necessary step as trade is a very political subject. It is controversial because it can and does change people's lives. Hopefully for the better, sometimes for the worse in the short term but, over time, almost invariably for the better. It is instrumental in the dramatic shifts in economic power that are occurring in the world. It is the key to the battle to eradicate poverty in the world. In Africa, for example, a relatively small increase in trade is worth probably twice what aid and debt relief can, combined, achieve to combat poverty and promote development. That is why trade is so important.

The days of trade Rounds consisting of two big economic blocs carving up the cake and passing down the results as a fait accompli, are gone, those days are not going to return and nor should they. We live in a plural, diverse and more democratic

world. Our policies need to be balanced in and for that world. Our actions need to be legitimate in the eyes of the world's public. Their representatives, the public's representatives, you as parliamentarians, are the ones to contribute this legitimacy to trade policy.

Therefore, a parliamentary assembly of the WTO would, in my view, be a major step forward. It would strengthen the dialogue between parliamentarians, negotiators and civil society. It would make the WTO more transparent and I am in favour of that. My predecessor, Pascal Lamy, participated in the assembly at the Cancún Ministerial meeting. I intend to make every effort to participate in similar gatherings and I am firmly committed to continued European Parliament participation in the EU delegation to WTO Ministerials. The European Parliament has played a key role in promoting this idea.

Against this background, let me say a few words about Doha. I have just spent the first two days of my job in Geneva. I deliberately went as a signal, to convey a message by my presence in Geneva about my commitment to multilateralism and my commitment to the Doha Development Agenda. The message I took there was that we need to press ahead, to make progress on a balanced, ambitious agenda. There is no time to lose. We will not achieve this outcome if all participants do not have the sense that they can affect the outcome and advance their interests. Everyone has a stake, everyone should feel that in exercising that stake, they not only have an investment in the outcome, but also have an opportunity and the means to affect that outcome in a way that corresponds to their interests. Not everyone will contribute in the same way to the Doha outcome, or to the same extent. However it is vital that we have an outcome from which everyone feels that they are benefiting.

The WTO is a one country, one vote organisation. Contrary to popular myth, it is democratic and representative. However, success depends on the effective participation of all the membership in deal-making, in particular the weaker and more vulnerable countries. They stand to gain from well-crafted, multilateral rules, but they quite rightly want ownership of the process that creates those rules. The last few years have seen developing countries grow in influence, and I welcome this. The emergence of G20 and G90 and their growing cohesion is highly significant and should continue.

We need to ensure that, as the negotiations move forward, Parliaments, civil society and all those with a stake in trade remain informed and consulted. It is the responsibility of each WTO member to ensure that the positions put on the table is the result of full, domestic consultation.

We also need to improve the organisation of WTO meetings. Cancún and Seattle have demonstrated the need for this. We can do more to facilitate the participation of WTO members, notably smaller developing countries, in the WTO system by pooling resources in Geneva and through increased technical assistance to those participating countries with more limited capacity. For example, we have contributed to the establishment in Geneva of a representation for the Pacific Islands. This, in my view, is money very well spent. Second, I am open to the possibility of forming some sort of consultative group to help push forward work on behalf of the broader WTO membership. This might provide a practical, middle way between formal but unwieldy meetings of all 148 delegations and on the other hand, the rather over-restrictive green room processes of GATT. There must be institutional innovation that enables us to find a middle way, an alternative to a huge mass meeting and the meeting of a relatively small sect. In my view, we should be open to a wide range of possible formats and negotiating tools. As long as they deliver, efficiency must be our central benchmark. Third, there is room for improving the conduct and the management of Ministerial meetings and conferences. We need to work on this as good preparation is key. Fourth, I will support measures to strengthen transparency in the WTO dispute settlement process. For example, greater access to documents and hearings of panels and appeals. I know this is difficult but I believe it should be possible to have more open hearings while fully respecting the intergovernmental nature of the WTO.

In conclusion, what I put before you is a very wide agenda. I think it is worth working for because open, fair, rules-based trade, supported by a strong, legitimate, multilateral system is good for the world, good for advanced industrial economies, good for advanced developing countries and good for the weaker developing countries as well. Recent history has shown that we will not make progress on the substantive policy negotiations if we do not have the right political and institutional infrastructure. One is the foundation for the other.

**Mr Peter Grey**

**Ambassador of Australia to the European Communities, Belgium and Luxembourg**



Mr Wilson, Mr Grey, Mr Mandelson, Mr Versnick, Mr Seixas Corrêa and Mr Bhatia

It is a great honour to be able to participate in today's Parliamentary Conference on the WTO. Trade and trade issues are increasingly of interest to the Australian Parliament, as they are to parliaments all around the world.

Firstly, giving some background. Australia has been very active in negotiating free trade agreements with a range of key partners in recent years. We remain a very strong supporter of the WTO and a firm believer that a successful and ambitious outcome to the Doha Round is of major importance to all countries, developed and developing.

From Australia's perspective, we are seeking ambitious outcomes in all areas but particularly with respect to market access for agriculture, services and manufactured goods. These particular areas are the ones we believe are likely to deliver the most immediate positive benefits for developed and developing countries alike. That is not to say that there

are not other important issues on the agenda but they are the ones that will drive economic growth and benefit most economies.

Against that background, I will try and respond directly to the question that is being posed namely the significance of the August decision by the WTO on a framework agreement for the Doha Round.

At the outset, it is clear that reaching an agreement on the framework was very positive and provided the necessary political signal that, following the failure of Cancún, the WTO was capable of moving ahead and that reaching an agreement on the Doha Round was indeed feasible. The discussions leading up to the Framework Agreement showed that the task ahead is very formidable. We reached an agreement but it wasn't easy.

Secondly, agriculture is and remains central to achieving an outcome. This is not to say that other issues are not also very important, both for the system and for individual countries, but agriculture remains the key to a successful Round. Fortunately, progress was made on agriculture, in the context of the Framework Agreement.

Australia has strong interests in areas such as services and manufacturing but agriculture remains a particular focus, including in our role as chair of the Cairns Group of countries. The major achievement of the Framework was undoubtedly the commitment by all WTO members to eliminate all export subsidies and we welcome the new EU initiative in this area. Agreement was also reached that new disciplines would be negotiated to remove subsidies from government export credit programmes and for the distribution of food aid and a basis provided for potentially significant cuts in the overall levels of domestic support for agriculture.

We still have difficult issues ahead. While progress was made in market access for agriculture, the agreement was a lot less specific than was the case for the export and domestic subsidy components of the negotiations. This is an area which requires a great deal of work as substantial market access improvements in agriculture will have to be a feature of the final package if the Doha Round is to be successfully concluded. There is no alternative. This presents a very real challenge given the high levels of protection for agriculture still afforded by many major developed countries.

Finally, we will need progress on a range of other key issues so that the Doha Agenda can come to a timely conclusion. It will also be important to avoid the temptation to add new and potentially divisive issues to the negotiating agenda.

**Mr Luiz Felipe de Seixas Corrêa**  
**Ambassador, Permanent Representative of Brazil to the WTO**



I welcome parliamentary involvement in trade negotiations as they affect a myriad of sectors and demand great political engagement. Ultimately, Parliaments are the institutions that are designed to give legitimacy to major political decisions. Trade is a very political question in that trade is connected with development and with the eradication of poverty. The Doha Round will ultimately determine the conditions of trade for the next ten to twenty years. We have to take account of the fact that, while the WTO is responsible for this superstructure of multilateral trading rules, there is already a growing network of bilateral, regional, and inter-regional trade agreements that now cover about fifty percent of world trade.

The outcome of this Round will certainly decide the shape of the WTO of the 21st century. If we succeed, we will have expansion of trade, promotion of growth and development, greater involvement and commitment by developing countries and less developed countries to the process. If we fail, the prestige of the organisation will be eroded, the dispute settlement body will have less strength and the proliferation of regional trade agreements will perhaps lead to more trade disputes and

eventually to protectionism which is exactly the opposite of what we want to achieve.

Therefore, we must succeed; failure is not an option for any of us. The Doha mandate is well balanced; it takes appropriate account of the needs of developing countries. We have some ambivalence, some ambiguities as is normal in any mandate. However, it is a good mandate and I think it is very important to preserve and maintain it.

The major objective that developing countries have been pursuing, after the Doha mandate was established and the negotiations started, is precisely to preserve the level of the ambition of the mandate, especially in the agriculture dossier. The July framework solved that problem and put the negotiations back on track. One of the reasons we succeeded in July, after the collapse of the talks in Cancún, was that we found, through many mechanisms, but especially the emergence of the G20 coalition of countries, a way of organising the consensus building process, in order to take fully into account the diversity of developing countries' positions in the negotiations.

According to my evaluation, what we achieved in July was important in a number of ways. Firstly from a substantive point of view, because we preserved the level of ambition in the mandate and we are now able to negotiate on the terms of the mandate. From a systemic point of view, because we preserved the WTO from collapse. Many people wondered whether the WTO would have survived. Thirdly, it was important from an institutional point of view because by the actions of the G20, through the interactions that were formed with this group and the other Gs that emerged in the process, the G33, the G90, the G10 and more active participation by LDCs and so on, we were able to create a new paradigm for decision making in the WTO.

The evaluation of the July package from the Brazilian point of view is positive because of these three elements. However, now we have to put it into practice and we have just started a really crucial stage in the negotiations. We are racing against the clock and we have to deliver the solutions to the key problems of the Round, most likely by the end of 2005. We have been very cautious not to set ourselves very precise objectives for the next Ministerial in Hong Kong, but we will have to do that very soon, at the beginning of 2005. We hope that we will be able to set ourselves the goal of negotiating the modalities for the crucial topics of agriculture and non-agricultural market access. We hope that, as we engage in this process, we will remain faithful to this new paradigm of decision making in the WTO, that is to ensure consensus by the creation of progressive convergence throughout the system and not by any sort of pressure. We are not here to look back on the past and to try and reinvent the negotiations, we have to look ahead, and I share the view that there is much to be gained, by developed and developing countries alike, from the successful conclusion of the Round.

In conclusion, the most difficult phase is still to come. We have agreed on a framework, on a more precise roadmap. The major decisions are still to come. We hope that we will maintain the momentum gained in July and that, through the experience that we have acquired in the negotiations, we will be able to undertake them in a context of inclusiveness, transparency and efficiency. I think parliamentarians are very sensitive to this kind of argument. Efficiency cannot be achieved at the expense of inclusiveness and transparency.

**Mr U.S. Bhatia**  
**Ambassador, Permanent Representative of India to the WTO**



It is very important for the success of the Doha Development Agenda and indeed the sustainability of the multilateral trading system that the inequities that pervade the system and the issues of poverty, deprivation and the loss of hope are brought to the centre of the agenda. It is precisely for such reasons that we welcome the involvement of parliamentarians in our work. In India we have happily had a long tradition of active involvement of our Parliament in these negotiations.

I would like to present the Indian perspective on the challenges ahead in the Doha Round. India looks at the on-going negotiations from the perspective of development and growth needs. The Indian economy has averaged a growth rate of approximately six percent for over a decade now and is poised to enter a higher trajectory of seven to eight percent GDP growth per annum. There is little doubt that this will require closer integration with the global mainstream, including continuing trade liberalisation. The service sector already contributes more than fifty percent of India's GDP. We need new and assured

markets, supported by multilateral disciplines, to nurture and sustain the burgeoning talents of our youth. Hence India's interest in the liberalisation of services, especially for the movement of professionals and cross-border supply, where substantial improvements are needed. India has also liberalised its Foreign Direct Investment policy in various services sectors in a phased and progressive manner in tune with its development priorities.

Freer trade and investment flows have underpinned India's growth strategy since 1991. We have reduced our average tariffs by sixty-seven percentage points in unilateral trade liberalisation. We will not abandon the policy of autonomous tariff reduction. As a democracy however, we will need to remain sensitive to India's complexity, our immense diversity and most of all the special vulnerability of economic and social segments, lacking the protection of a safety net.

Whatever her recent economic performance or future promise, India remains an overwhelmingly poor country with a per capita income of approximately US\$500. India is willing to undertake further multilateral trade commitments only within this larger framework of our political economy. Nowhere is this political economy as sensitive as in India's vast agricultural sector. More than 600 million Indians are dependent on agriculture for their livelihood. More than ninety percent of India's farmers are small and marginal and have average land holdings of less than 1.5 hectares, a majority live on less than US\$1 per day.

The adoption of the July framework at the WTO has been a shot in the arm. We view it as a vindication of the platform and the negotiating strategy of the G20 and of its role in restoring balance in the negotiations. Let me recall here the objectives pursued by the G20 post-Cancún, which are reflected in the framework. First the acceptance on all sides of the elimination of export subsidies on all products. Second, substantial reductions in trade distorting domestic support, ensuring that the applicable criteria are not changed in a manner so as to result in circumvention of any new reduction commitment. Thirdly, equitable burden sharing in tariff reduction and the incorporation of effective special and differential treatment (SDT) for developing countries, including addressing their food security concerns.

The G20 will work constructively to ensure that we achieve equitable results in the negotiations. The G20 is also committed to co-ordinating its positions with other developing country groupings like the G33 and the Africa Group. We stand ready as a group to engage in all areas of negotiations in agriculture. The Doha mandate for non-agricultural market access (NAMA) recognises the concept of less than full reciprocity. The NAMA negotiations need to recognise the centrality of the concerns of developing countries that accounted for seventy five percent of global export growth and sixty percent of global import growth between 2002 and 2003. Products of export interest to developing countries face excessive tariffs and non-tariff barriers, which would need to be effectively addressed in the negotiations to provide for real and effective market access. It is imperative to incorporate effective, special and differential treatment in the results of the negotiations.

There are issues such as preference erosion and revenue losses, which present major adjustment challenges. In services, we need to address two major issues immediately. Firstly, improving the quality of offers, especially in sectors of

interest to developing countries while meeting the suggested benchmark of May 2005 for tabling revised offers. Secondly, expediting progress in the areas of rules, particularly disciplines or domestic regulations governing issues such as recognition of qualifications, administrative procedures relating to visas, work permits and greater transparency, without which effective market access would be impeded.

Furthermore, an area of significant potential is the cross-border supply of services. Negotiations should aim to lock in the current liberal regimes, which are well ahead of commitments. We need to recognise the danger of a protectionist backlash, which will hurt everyone. In the Doha Ministerial Declaration, Ministers attached the utmost importance to development and implementation issues. The July framework provides a roadmap including fresh guidelines for making progress. We believe that work on all issues pursuant to the Doha work programme should move in parallel to achieve balanced overall progress.

In overall terms, the challenge in the Doha Round is to deliver an outcome acceptable to all, which meets the aspirations of diverse groups of countries. The results will also have to be supportive of development, which has been projected as a central theme of this Round. These goals can only be achieved through an inclusive and transparent process.

**Mr Christopher Wilson**  
**Office of the United States Trade Representative, Brussels**



I appreciate the opportunity to present the point of view of the United States on the question that has been posed to the panel.

A few general notes to begin. First of all, I think it is important to reflect back to where we were at the end of November last year, which was still an extremely discouraging period in which the question was very open about whether this negotiating process would move forward. Obviously the key to the July package was that it provided an essential boost that makes it possible now for us to get on with the negotiations. The hardest work lies ahead, but without that boost in July we would not have moved beyond the discouragement at the end of last year. We also have had an election in our country, therefore from our point of view, the fact that we have that election behind us, really means that we do not see any significant obstacles to being able to be ambitious and aggressive over the course of the next year, leading up to the Ministerial Conference. We are expecting a fair degree of continuity in the US approach to this negotiation, notably an interest in ambitious outcomes on the

core market access dimensions of the Round in agriculture, industrial market access, services and trade facilitation. It is obvious that we need to do this in a way that gives real meaning to the development title of the Round and I think none of us should pretend that there is not still a great deal of scepticism on that point. We have a lot of work to do to overcome the scepticism about the development dimension of this Round.

Given that this conference is focused on the parliamentary dimensions of the process, I should note that the US Congress will be focussing in an unusually intense way, in the first half of 2005, on issues related to the WTO. Our Congress, first of all, will be considering the continued participation of the United States in the WTO. This is something that is required every five years in our system. In addition, Congress will be considering the extension of the President's authority to negotiate and conclude trade agreements. We are certainly expecting positive outcomes on both those fronts. However, in the Administration's view, solid advancement of the Doha negotiation is the very best way to ensure that these legislative developments in 2005 produce the positive results that we will be looking for.

Looking ahead, a key issue for our Ministers and for our negotiators in Geneva will be to consider what needs to develop in order for the major elements of this agenda, agriculture, industrial access, services, to move at what we are referring to as a co-terminus pace, in order to produce, at Hong Kong and beyond, a comprehensive and balanced package. This requires a lot of careful thought and we are still in the process within our Government of considering these questions.

Let me briefly touch on the US perspective on the major elements of the negotiating agenda. First of all, on agriculture, which seems always to come first in these discussions; clearly this was the major accomplishment in July. From our perspective, the work in Geneva is now well in hand under the leadership of New Zealand's Ambassador. We are seeing a lot of good, serious technical work under way. This is a negotiation, which goes in phases between moments of high drama and political intensity and periods of profoundly un-dramatic work at a technical level, which is very necessary, and I think we are in one of those processes at this point. But this is critical to maintaining the momentum that we achieved in July. Our approach is to try and promote a pragmatic and business-like approach during 2005 to this aspect of the negotiations. We need a concentrated focus on the issues of a tariff reduction formula, a domestic support reduction formula, and a phase out period for export subsidies and the rules that will be needed to hold all this together.

As we have said for some time, we are prepared to be highly ambitious on agriculture, including with respect to domestic supports and export competition. This Round very clearly is an opportunity to take agricultural trade reform a step well beyond where we landed at the end of the Uruguay Round. The key, in our view, remains market access and this is the element from the perspective of US Parliamentarians that is clearly being watched most closely in the context of these negotiations.

Moving on to industrial market access, we feel that the July framework certainly contains the key elements that we need to achieve additional market access. First, a tariff reducing formula, second, an approach to sectoral liberalisation and also the elimination of non-tariff barriers. Now the challenge is to find the right balance among those elements. On tariffs, we continue to advocate a formula that ensures an ambitious outcome, namely one that guarantees the reduction of tariff peaks.

We also continue to believe that liberalisation in certain industrial sectors will play an important complimentary role to a broader reduction formula. We recognise that there are very important anxieties on this question among many WTO members and we are prepared to engage in a constructive discussion in the hopes of finding a critical mass that allows us to move forward on a sectoral basis. Finally the July text also gives us an opportunity to work on what I think is a neglected aspect of this negotiation, which is that of non-tariff barriers. Clearly, here again we have a lot technical work in front of us.

We are convinced that services hold the key to the development component of this Round. This element of the negotiations has been somewhat neglected and it clearly needs an intensified level of energy and leadership going forward. There is legitimate disappointment in what the negotiations have produced to date, both in terms of the number of offers on the table and the quality and extent of many offers. We recognise that increasing the number and quality of services offers entails improvements in delivery of technical assistance for this especially complex area of the negotiation. With Canada, we have recently announced funding for some special pilot projects of the International Trade Centre in support of services related assistance for Kenya, Rwanda, Indonesia and Bangladesh and we will be looking for additional opportunities to contribute in that respect as well. An increase in the number of offers is a critical first step, leading then in May to a Round of improved offers. Along with other WTO members, the United States will be working hard to review and refine our requests and to consider ways in which we might be able to make improvements in our own offer.

On trade facilitation, we see this as potentially one of the key outcomes of the Doha negotiation, in terms of a systemic approach towards commitments that could address some long-standing market access problems. We know that lack of transparency and unnecessary formalities at the boarder can wipe away any market access gains that we might achieve through other aspects of negotiations such as tariffs. Therefore, we are hoping to achieve a robust schedule for negotiations on this issue during 2005. We think the best approach is to take a bite-size approach, looking at specific, discrete commitments on very practical areas, such as publication of procedures and issuance of advanced rulings.

Finally, I would like to emphasise that, for all of the elements that I have raised, the development component is clearly critical. We need to bring credibility to the title of this Round. It is important for those of us from developed countries participating in this Round to acknowledge that our arguments to date, which we truly do believe in about the benefits of trade liberalisation for development, have not, at this point, overcome all scepticism. Therefore, we have more work to do, to get across those messages and to do so more effectively.

### **Discussion on the significance of the WTO General Council decision of 31 July 2004 for the future of the Doha Round**

#### **Dr Paul Rübiger - European Parliament**

I would like to ask a question to Mr Peter Mandelson, European Trade Commissioner. We have found in Europe that our welfare and wellbeing is being created by Small and Medium sized Enterprises. They have a problem with trade barriers and tariff problems. I would like to know whether you will focus on how SMEs can be helped, especially through internet commerce and express deliveries. There are countries that need support urgently. What is the Commission proposing to help them?

#### **Mr Peter Mandelson - European Commissioner**

I think that is a very good question but I do not think that Small and Medium sized Enterprises have tariffs as their only obstacle and barrier to their trading. I am not dismissing their importance but there is an assortment of non-tariff barriers, which frustrate trade, which we need to address as well. Information is key, for which the internet services are very useful. There are a range of regulatory obstacles and frustrations and a need for better customs facilities. That is why it is important that the whole trade facilitation issue should remain an essential part of the Doha Development Agenda. I know from some countries and their representatives that having, what seems to them, a wide agenda in the Doha context is over burdening. If that is the case then our job is to help lift that burden by expanding the capacity of countries to address the agenda and to negotiate. If, in the case of trade facilitation and other non-tariff barriers, there is direct trade-related assistance that we can give to those countries that enable them to expand their trade but obviously at the same increase the opportunities for Small and Medium sized Enterprises to engage in trade, then we have a win-win outcome. That is the sort of progress that I want to remain focussed on during the course of these negotiations.

#### **Mr Prithvirajsing Roopun - Mauritius**

As we all know, the playing field for trade is not level. To what extent does Mr Mandelson think the EU will commit itself to the concept of special and differential treatment to the nations needing such measures for their survival? What are his views to implement concrete action in this regard? What are the views of Mr Mandelson of his predecessor's comment that the rules of the WTO are medieval and should be reviewed?

#### **Mr Peter Mandelson - European Commissioner**

I think that the word medieval was used in a period and in a state of post-Cancún frustration. I am not sure it was the most considered or most accurate summary of the entire operation and organisation of the WTO. If it was, it was possibly a little unfair. Nonetheless, you can understand the spirit in which the word was used. I've known and followed people talking about the WTO over many years and I have found that people have tended to talk of the WTO as an efficient but undemocratic organisation. I tend to think rather differently. I think it is a democratic organisation and I think it could be even more efficient than it is at the moment.

In respect to your first question, I think this is very important indeed. The European Union, and I, as its Trade Commissioner, are firmly committed to special and differential treatment between countries. A one size fits all outcome or solution or application of rules identically and simultaneously to every country, is simply not something that is going to work in the real world. There has to be flexibility, we have to recognise the different stages of economic development. We have to recognise the needs for transitional periods and arrangements and so too, do we need to recognise the need to assist adjustment by those countries and their economies in that transitional period.

#### **Mr Gado Boureima - Niger**

My first question will be to the Brazilian Ambassador, who mentioned the role of G20. I would like to know whether you think the makeup of the G20 gives rise to the risk that stances will be crystallised. Do you think it will allow any element of dynamic consensus? Secondly, at ambassadorial level, would Ambassadors also be prepared to inform governments and keep them fully abreast of developments in WTO and of the need to involve Members of Parliament, or at least for them to understand what happens in WTO, so you can have governments consulted rather than deciding anything? Thirdly, a question to Mr Christopher Wilson who referred to aid offered by the United States to a certain number of developing countries. Why is this assistance for capacity strengthening going separately to individual countries rather than going via WTO structures that can improve that capacity? Finally when do you think we can have US Congressmen also involved in WTO talks?

#### **Mr Christopher Wilson - United States**

With respect to why we are devoting technical assistance toward specific countries, as a general matter we are attempting to respond to countries that come to us with specific proposals and requests. This is, to a certain extent, a process of

demand and offer and with a very open door on our part to receiving, hopefully in as many specifics as possible, requests for technical assistance. This is an area that we have begun to work on much more intensively in the last three years with a greater degree of co-operation between the trade negotiators from the office of the US Trade Representative and our development experts at the office of the Agency for International Development. We have not always communicated very well among those agencies and we are trying to do a better job of that. However, part of that is that we need to be able to respond to specific requests and so I would encourage you to approach us, I would be happy to be a channel for such requests here in Brussels, I can refer you to my colleagues in Washington who are handling those issues.

Responding to the question about participation of US parliamentarians in the WTO. My understanding is that most of you are here because you desire to have a more direct involvement in the trade negotiating strategies of your governments as parliamentarians. I think that motivation in the way that you feel it may not be completely shared by Members of the US Congress. It is a function of our constitutional structure in which members of our Congress have constitutional authority for the implementation of US Trade Policy. Ambassador Robert Zoellick is implementing that authority under the explicit constitutional authority of the Congress. The legislation that we currently operate under involves the US Congress in an extremely embedded way in the development of negotiating positions. In the ongoing conduct of the negotiations, Members of Congress participate as part of our delegations. Therefore, the parliamentary dimension is already embedded within our system because of what I would admit is an unusual constitutional and institutional structure in our government. The motivation that brings all of you here for this sort of discussion is not necessarily shared to the same degree by colleagues in the US Congress who are already quite deeply involved in our own formulation of trade policy and negotiating strategies.

#### **Mr Luiz Felipe de Seixas Corrêa - Brazil**

On the G20 and on the risks of crystallising positions rather than facilitating consensus, the G20 is, as we call ourselves, the negotiating group. What is the essence of a negotiating group? It is a group that brings together countries with different perspectives that share one concern, the integrity of the mandate in agriculture. We are all developing countries, we may have different perspectives, different interests, but we have a fundamental identification with the topic of development. As a negotiating group, we first negotiate among ourselves. We prepare our positions, we develop those positions into statements and when the time comes, we develop those statements into texts and proposals to establish negotiating positions. This is exactly the way to achieve consensus, something a negotiating process reflects. There is no risk at all of crystallisation of positions.

#### **Mr Peter Grey - Australia**

On the second question, that answer will probably differ depending on the systems. In the Australian case, the Minister for Trade is and has to be an elected member of the Australian Parliament, as well as being Minister for Trade. He reports to Parliament, as he is responsible to Parliament. The WTO Ambassador reports to the Minister for Trade, therefore the link is very clear. The WTO Ambassador is responsible to the Minister for Trade, who is himself a Member of the Parliament. In terms of major negotiations, Australia has had a practice of having both the government and opposition Members of Parliament being part of the official delegation, for example, to Cancún. However, I think it differs from time to time, place to place.



**Mr Javier Moreno Sanchez - European Parliament**

In the European Parliament, we are following the Doha Round very closely. I would like to say that, when the European Constitution comes into force, we will have more influence. Therefore, I was involved in the 31 July Agreement and also its implementation. The report will be approved by the Parliament in the spring. Making one observation, we have talked a lot about Cancún, negatively. However, there was one positive thing to come out of it. It was a vaccine against the failure of multilateralism and the WTO. We saw the results in Geneva because an agreement was reached. We do not know whether it will be followed through but the most important thing was that an agreement was reached. We are now at a crossroads, a critical time at the moment. I have a list of all the negotiating meetings that have been held and we agreed on one point. We agreed that technical work is the most important aspect of the ministerial work. Last week in the negotiations on access to markets for NAMA products, it would appear that there was a concern. I would like to ask India and Brazil a question. There is a concern that there will be a reduction in tariffs which would lead to a reduction in the system of preferences. Is this true and could you go into this in more detail?

**Mr Luiz Felipe de Seixas Corrêa - Brazil**

This question of the technical and the political is a bit ambiguous because everything is political and when we are discussing technical questions, people are putting forward positions that will eventually evolve into political decisions. What we are doing at this point is collecting ideas and clarifying positions. The objective of the work of this pre-negotiating phase is to put as many ideas on the table as possible to clarify as many concepts as possible. This is particularly important in the NAMA negotiations because in agriculture, due to the fact that we concentrated very much during two and a half years between Doha and Geneva on agriculture, we know and have mastered the issues. We have not yet made the crucial decisions on numbers, percentages, deadlines, and timeframes. However, we know what we are discussing. This is not necessarily the case in NAMA. In NAMA, we have a very general framework with a number of alternatives, of core modalities for the tariff reductions of different coefficients and supplementary modalities that people don't necessarily know exactly what they mean. Therefore, the important thing at this point is to clarify; it is not easy. There is always the question of what should be discussed first. This is the normal part of any parliamentary debate and that is what we are doing. With regard to preference erosion, obviously, this is a question that has to be dealt with. Do you deal with it at the beginning or the end of the negotiation? I think everyone shares the view that this is an essential component and one that will have to be addressed and will have to be part of the solution, not part of the problem. The question is when and how do we address this question. I think it is very clear that we have to do it and we will.

**Mr U.S. Bhatia - India**

We are, especially in the NAMA negotiations, at a very preliminary stage where we are just trying to clarify concepts. The only thing which can be said with certainty is that there are a number of developing countries who are quite concerned about the subject but the exact contours will emerge during the process of these negotiations and given the development context of the Doha Round, some solutions will have to be found, as an intrinsic part of the negotiations.

**Mr Kimmo Kiljunen - Finland**

Some governments, as well as some international trade unions, have proposed that so-called social clauses or minimum international labour standards should be included as part of international trade agreements. Firstly, one should not confuse social policy with trade policy and secondly, the request for international minimum labour standards seems to create once again new trade barriers and thus reflects hidden protectionism. However, there is a valid counter-argument. If all trading partners would respect at the least the minimum labour standards, this would create the basis, not for closing but for opening our economies without allowing international competition to take place with social irresponsibility. That is why I would like to ask the chief negotiators, particularly from Brazil and India, what are the prospects of including social clauses or international minimum labour standards as part of the ongoing trade negotiations and eventually as part of the international trade agreements?

**Mr U.S. Bhatia - India**

In the WTO, there has been a debate on labour standards. It took us a long time but we have resolved it through the acceptance of the principle that issues of labour are best studied and discussed in the proper forum which is the ILO (International Labour Organisation). In India, we have given great primacy to issues of labour and we are already part of the various ILO conventions. However, we believe that trade issues should not be allowed to be derailed by such considerations. We give them great importance, but in the right forum.

**Mr Luiz Felipe de Seixas Corrêa - Brazil**

This question was very widely debated before Doha and Seattle and it was a decision in Doha not to put this question into the mandate for the Round negotiations but to defer it to its proper organisational space which is the International Labour Organisation. That doesn't mean that the question doesn't exist. However it means that it is not included in the current framework of the Doha Round negotiations because it is not in the mandate.

**Mr Jean-Claude Martinez - European Parliament**

A question to the Brazilian Ambassador: in the Assembly on the WTO we deal with a whole range of technical matters. This is all good and fair but I think we have to try and get a bit more into it than at Cancún. We have to be the think tank, which will come up with a pilot system for our countries working on the global scale. In terms of customs duties, we always talk about reduction or sometimes elimination of customs duties to allow market access. However, imagination would require speaking of the deduction of customs duties, not cutting or eliminating them. If we could have a new generation of customs duties that might, for instance, allow our friends from Pakistan or India when they send a product to Europe, to see it being subject to customs duties but with those duties then being refundable and automatically opening up a credit that would be deductible as with VAT. This is something known to African members, Australian members and European members given that they have VAT. However, having some social imagination and coming up with a new idea of customs duties or having a VAT on satellite stations in space, then funding literacy campaigns or dealing with sickness and disease in the same way that Microsoft has equipped all the world with computers. We have to come up with a legal or political window that would then give some structure to a world that is becoming at a planetary scale because we have six billion people to deal with on earth rather than just five hundred million people in Europe as Europeans think.

**Mr Norihiko Akagi - Japan**

A question to the Indian Ambassador: you talked about the difficulties of the farmers in India. In Japan we are the largest importers of food. We have very small land space, many natural disasters and our farmers and the farming villages are deteriorating so we understand your situation. What is important in the current Round of WTO is that the difficult situations that each country is facing should be brought up on the table and we should come up with a global regime which will lead to co-existence of all these different kinds of farmers, especially the importers. There are these sensitivities in agriculture that should be recognised and the importance of co-existence of all the farming in the different countries of the world. What do you feel about it?

Secondly, when we think about competition between and among exporting countries, some countries are blessed with the infrastructure for farming with a lot of financial resources and they are able to expand their production and export capabilities, thereby taking away from developing countries' ability to conduct their farming. Therefore, how can you come up with fair rules to control or manage all that? Once again, my point is you have to come up with a way of co-existence for all the farmers, be it the food importers, exporters or developing or least developed countries.

**Mr U.S. Bhatia - India**

This is a very interesting and perhaps an emotive question. We believe that agricultural situations around the world are very different and yet have some common underlying concerns. It is precisely for this reason that the negotiations have taken so long. However, I believe that the July framework has come to a very balanced view on these issues through the three principles that have been enunciated, particularly the elimination of export subsidies. Secondly, regarding the substantial reduction of trade distorting domestic subsidies, as far as agricultural situations, especially in some developed countries like Japan are concerned, we understand the concerns. There is a window available through the July Framework for sensitive products which take into account such individual sensitivities and we hope that this will be adequate to address your concerns. We believe that the July Framework is a balanced outcome where the principles for addressing subsidies have been set out very well and it should be possible, through these principles, to come to negotiating conclusions to the satisfaction of all parties.

**Mr Harlem Désir - European Parliament**

Parliaments can play a major role in the successful negotiations following the 31 July Framework Agreement. This body can help us find a common approach to the most sensitive matters, starting with agriculture. I think that most Members of the European Parliament or members of industrialised countries' Parliaments present here would agree that there is a need to do away with export subsidies with specific dates as a deadline, challenging all agricultural subsidies which create major distortions for developing countries. We would like to have a more specific definition for non-agricultural factors, food safety and protection of the rural environment, multifunctionality of agriculture, which in our view justifies maintaining some internal support systems which are of general interests for all countries whether they be in the North or in the South.

Secondly, in respect of services, we should look for more consistency. We have had a debate in this Parliament on requests put to other WTO Members and especially developing countries. Some of us have contested the fact that we asked for liberalisation in the public sector of services where we would not accept having those services put under the control of WTO, energy, water, postal services, education, social services. There are some public services where our attitude should be as consistent as for cultural services. We defend diversity, we do not want Americans to call for liberalisation and we, therefore, don't ask for liberalisation in culture by other countries. Therefore, we should have the same attitude to other public services and should abstain from asking for liberalisation in fields where we wouldn't like any liberalisation either.

Thirdly, on relations between trade and development, trade contributes to development. However, there is a need for adaptation, special and differential treatment. There are two concepts on which we might insist more. The priority objectives should be to aid economic diversification in developing countries and regional integration. That is what history has taught us. We first developed the internal market on the basis of regional integration amongst the European countries and with sectoral and regional support and then we were able to open up towards world markets. We now have Mercosur and also examples in Asia. We need to insist on that stage of regional integration, which can lead towards free trade thereafter.

**Mr Luiz Felipe de Seixas Corrêa - Brazil**

What our distinguished colleague has just mentioned is basically the crux of the matter. These are the problems that we have to deal with in the negotiations. In every country you will find the sectors and their specific demands. The beauty and the challenge of these multilateral negotiations is for us to make sense of it and try to accommodate and put the negotiations on a certain path and direction, giving adequate time for this change to take place in a way that will not disrupt major objectives, major conditions in each country. The conditions vary. Let me, for the sake of comparison, mention just two figures in terms of perspectives. Take for instance, France, which is a country that places agricultural multifunctionality and many other questions at the core of its agricultural trade policies. Agriculture accounts for 2.5 percent of France's GDP, if I am not mistaken. Services account for 74 percent. The way that negotiations go it looks like it is the opposite but this is obviously something that we have to take to account when you compare it, for instance, to Brazil. The agri-business in Brazil accounts for about 27 percent of our GDP, about 41 percent of our exports. Therefore, the questions have to be balanced in terms of the different perspectives. I am using the comparison of France and Brazil as a sort of paradigm. There are many other countries with different perspectives. Therefore, this is a very difficult task that we are trying to do but I think we agreed on a framework and this framework is compatible with the mandate that we had agreed in Doha and the mandate is very clear. In agriculture we have to move towards substantial reductions of domestic support, phase out export subsidies and grant substantial improvements in market access. We will have to find balance within each of these pillars and overall. It takes time and patience and if we are all committed to it, if we understand each other's perspective, we will do it.

**Mr Henrik Vestergaard - Denmark**

I would like to ask a question to Mr Christopher Wilson. What are your expectations regarding the US position on cotton subsidies which, under the Geneva understanding, was agreed to be addressed ambitiously, expeditiously, and specifically?

**Mr Christopher Wilson - United States**

The discussion on cotton was, for us, the most intensive part of the discussions in July. We engaged very directly and actively, particularly with the African countries that were the mentors of the proposal. You characterised the agreement as it was reached. We now have, as of last week, the formal establishment of a working group on cotton that will be operating within the agriculture negotiation. Now that it is up and running, we will, within our government, obviously be considering proposals that we can bring to the table to address, in the manner reflected in the July package, the issues related to cotton. I think it is important and understood now, perhaps better than it was at Cancún, by all of the parties, that while clearly there is a trade dimension to this issue that must be taken seriously, a trade solution is inadequate and there must also be a development component of addressing the issues. We are also very much engaged on that front.

**Mr Abdelkrim Harchaoui - Algeria**

I take the view that development problems cannot be solved by trade organisations and liberalisation throughout the world. It is urgent that an international committee representing institutions such as IMF, World Bank and WTO, added to by representatives of this body, should define consistent measures on trade, money flows and development.

**Mr Peter Grey - Australia**

On the question of trade liberalisation and the development process, nobody would claim that trade liberalisation is the sole means of achieving development. However, increasingly the World Bank, IMF and a range of studies clearly show that trade liberalisation is an essential ingredient in development and I think that developing countries are increasingly taking that view, which is why we are seeing such an active involvement in Geneva of developing countries. It is an essential part of the liberalisation process but it is not the sole purpose. There are other elements and one is facilitating and assisting the adjustment of developing countries to trade liberalisation. This has been increasingly recognised as a critical element and the procedures, processes and funding for doing that is increasingly becoming available, both on a bilateral basis and through multilateral institutions.

**Mr Jimmy N. Angwenyi - Kenya**

I would like to ask a question to Mr Christopher Wilson. If we are to agree to negotiate all trade through the WTO, how are you going to undo bilateral trade agreements such as AGOA (African Growth and Opportunity Act)? What do you hope to do with regional trade agreements such as NAFTA or the European Union itself?

**Mr Christopher Wilson - United States**

AGOA is not, technically speaking, a trade agreement; it is rather a unilateral preference programme involving access to the US market for products from Africa. We are sensitive to the fact that there is a great deal of concern within the WTO that; as we liberalise on a multilateral basis, the value of those concessions that we extend on a unilateral basis perhaps becomes less. That is an issue that also confronts the European Union in many of its trade preferences as well. This issue of how we deal with erosion of preferences, particularly in the industrial market access element of the negotiation, is one of those issues we have been talking about today that requires a lot more technical work in Geneva and it is a prominent subject for the discussions. We are sensitive to this in terms of obviously not wanting developing countries, and particularly least developed trading partners, to end up some how worse off at the end of this negotiation than they are going into it. That is clearly not an objective we have and it is not an outcome that we want to find ourselves reaching a year from now or when the negotiations conclude.

With respect to regional or bilateral reciprocal trade agreements, the position of our government is that by engaging with countries bilaterally or regionally to engage in trade liberalisation and an agreement on trade rules, we are, through that process, creating a dynamic that builds momentum within the multilateral process as well. We are creating demonstration effects, for example through our trade agreement with Jordan, negotiated several years ago. We have seen a tremendous increase in two-way trade under that agreement. We hope through that sort of example that we are doing bilaterally, we can create momentum in the multilateral arena, which ultimately remains our priority for trade negotiations.

**Mr Luis Heber - Uruguay**

We have had the agreement in Geneva. Obviously, it is good to have a roadmap to move forward, but what we are doing is just amending what was agreed on in Cancún. My question is to the group of G20 because I think they contributed to the Cancún situation. In future meetings, for example, in Hong Kong, do you think we can really move forward and achieve a promising situation through tariff reductions? Also, I would like to know what the Ambassador's vision is of these future meetings and the future of the roadmap, which is vague in terms of possible future achievements?

**Mr Luiz Felipe de Seixas Corrêa - Brazil**

This is a very important question. I believe that we are on the right track. The road map adopted in Geneva in July wasn't what we originally wanted. We wanted to approve modalities for negotiations in September in Cancún. Unfortunately we didn't manage to do this because negotiations were very difficult but we are on the right track. I think this roadmap will mean that in December 2005 at the Ministerial Meeting in Hong Kong, we will be able to adopt the modalities which were due to be adopted in Cancún. Those are the lines we are working along. Our president said that we were working toward this stage by stage but that this was the final objective.

**Mr Roberto Salerno - Italy**

Is agriculture a major focus for the Doha Round and for Hong Kong? If agriculture is a focal point then I think within that there will be the widespread use of Genetically Modified Organisms. Therefore, my question is could complete liberalisation, as desired by Mr Wilson, understand the specific local features of agriculture and does the United States accept that it has a duty to look towards the defence of traditional values of agriculture? Will there be any effort to understand that as part of your view?

**Mr Christopher Wilson - United States**

The issue of GMO biotechnology is not technically speaking a direct part of the negotiation that we are engaged in. You are aware that the United States is pursuing a dispute settlement case under existing WTO rules regarding the restrictions that have existed in the European Union on GMOs. We do not know at this point what the result of that process will be. We recognise that this is a subject of a great deal of emotion within Europe but I think we are not, at this point within the agriculture negotiation, distinguishing necessarily between particular types of products or the way that they are produced. This is not a part of the agenda on agriculture that has been built into the negotiation that we are currently undertaking. Do we have a will to understand traditional values surrounding different types of farming? Absolutely we do and I think our own agriculture community within the United States gives evidence of a great deal of political impulse behind these issues as well. Therefore we have our own impulse domestically to be devoting attention to those issues.

**Mr Gábor Szalay - Hungary**

It is our common interest that we do not fail in Hong Kong, do not repeat the disaster of Seattle or Cancún. I think that all member countries should contribute to the success of negotiations according to their real level of development. Some countries try to declare themselves as developing countries, not on the basis of their economic competitiveness, not on the basis of their economic indexes, but with the aim of eluding the obligation of opening their markets. How can we hinder this wrong practice in the future if the World Trade Organisation is to work?

**Mr U.S. Bhatia - India**

I believe the question is about the proportionality of contributions of individual members of the WTO to the negotiations. The WTO principles, the GATT principles as well as the Doha Declaration recognise three kinds of members, the developed countries, developing countries and the least developed countries. There are special provisions like the special and differential treatment provisions for developing countries. This is the position, which is laid down in the negotiated text and declarations. This is the basis on which negotiations are proceeding. However, if you want to ask us specifically from the G20 perspective, we are a group of countries, all of which are developing, but each one of us has somewhat different situations as in agriculture. The challenge of this togetherness is to evolve positions, which reflect all our concerns in a cohesive and coherent manner so that we can put them across in the larger body of WTO membership.

**Ms Dulcet Maria Sauri - Mexico**

I would like to ask a question to Mr Christopher Wilson. In trade facilitation and non-trade barriers, there has been no progress. The WTO rules enable a country to impose security measures when there is a threat. However, the norms and procedures to strengthen security in the fight against terrorism since September 11 have been stepped up. For example, there is the law on bio-security in the United States; procedures for certifying goods at boarder have been changed. Firstly, how can you conciliate strengthening security and trade facilitation which is being proposed by the WTO and how can we avoid security measures being a new form of non-tariff barrier?

**Mr Christopher Wilson - United States**

That is an excellent question and one with which all of us, who are involved in this new environment that we are working in since 9/11, are struggling. We do have an obligation, in the United States, in the EU and elsewhere, to protect our citizens against risks that potentially may present themselves through trade channels. We need to focus and undertake those measures keeping with current WTO rules that provide that any such measures should be no more trade restrictive than necessary. That is something that we have taken very seriously in developing the measures to date. However, I would acknowledge that this question of the interaction between trade and security is one that we are only just beginning to understand. Clearly there needs to be the appropriate balance, just as there is with respect to food safety for example. We have a challenge, I would acknowledge it is a challenge to make sure that we do that in a way that does not unnecessarily impede trade.

**Mr Ramon Dario Vivas Velzco - Venezuela**

I would like to ask a question to Brazil and India. Venezuela is part of the G20 group. With the Agreement in July, did the negotiators think that agriculture was a product or a question of survival? For the American representative, in Venezuela we do not always want to be debating questions of security or development or food safety and free trade. I welcome the fact that the representative is here today. I want to know whether the new government is going to take part in the World Inter-Parliamentary Assembly because we are talking about important topics for the whole of humanity?

**Mr U.S. Bhatia - India**

The concern is whether the non-economic aspects of agriculture have been incorporated into the July understanding. Agriculture is more than just a product. We understand that very critically in India where more than two thirds of our population are dependent on agriculture. Therefore, for us it is a concern of food security, is a question of livelihoods of these farmers, of rural employment and of poverty alleviation. We believe that these issues have been brought to the centre of the agriculture debate and that is why we believe that the July understanding is balanced.

**Mr Haydar Murad - Jordan**

I would like to ask a question to the Indian Ambassador who said that ninety percent of peasants are actually small farmers. What are the effects on them? We focus within the WTO on tariffs but there are other aspects, there are specifications, there are environmental aspects, there is a quality and a price and this is what we faced when we negotiated our Free Trade Association with the United States. Why do we not mention these elements because if there is no mentions of price there are no discussions on imports and exports and the reduction of tariff barriers?

**Mr U.S. Bhatia - India**

There is the issue of market access and there are barriers, which are not related to the tariffs alone but also to quality standards and so on and specifically in regard to Sanitary and Phytosanitary regulatory measures, which are discussed. These are issues on the negotiating agenda. We believe these are serious impediments to the entry of our products, especially in developed country markets and we are very active in negotiating these issues in the WTO.

**Mr Hanan Amro - Syrian Arab Republic**

I would like to ask a question to the panellist from Brazil. How can we, as parliamentarians, help the countries, which want to join the organisation and face some external barriers? How can we help those countries join the WTO, because there are some political considerations? There should be more transparency or is there only consideration of an economy from the political point of view?

**Mr Luiz Felipe de Seixas Corrêa - Brazil**

There are procedures that are foreseen in the WTO, legal instruments that have to be followed in order for countries to join the organisation. It is called an accession process, the rules are known. As in every other aspect of WTO, it requires consensus. Therefore, whatever we have to do in any process of accession is to make sure that this consensus is achieved. How parliamentarians can help in that process, I really would not be able to tell you but it would be important for parliamentarians first to get acquainted with the rules of procedure and the institutional norms that govern this situation in the WTO.

**Ms Kathy Sinnott - European Parliament**

I would like to ask a question to the representative from India. You are working towards elimination of export subsidies and reducing domestic subsidies. Governments have to co-operate to do this and governments depend on voters. It is hard sometimes for voters. Giving you an example, I am from Ireland and the elimination of export subsidies means the elimination of sugar growing in Ireland. One of the questions that sugar growers are now saying is that this is the end of their livelihood. The only consolation would be if they could have the assurance that it was actually going to reach the poor of the poorest nations and not the rich of the poor nations. Should there not be some linkage with employee protection? If developed nations get more work or more money, because of employee protection policies their workers are going to do better. However, if the rich of a poor country get more sugar production, without those protections, we have no consolation in Ireland when we are giving up our livelihood of that it is going to help anybody. Can you address that and talk about the fact that we do need those assurances because we do need to give, we do need to share it all out but we have to know it is going to be shared.

**Mr U.S. Bhatia - India**

Answering from an Indian perspective, We know poverty in India and we have had very coherent programmes over the years to tackle and to eliminate poverty. We have done fairly well in the last few decades and we believe we are on our way to totally conquering this scourge. We believe it has been possible because of our system of governance, which is democratic to the core. We also believe that trade helps in poverty alleviation. The evidence of this, is available all across India, markets have developed better, rural infrastructure has developed better, the poor have gained, the extent of poverty has minimised and that is the lesson which we have in the core of our development strategy. Improvements in rural infrastructure, improvements in market access for our agriculture are the key to abolishing or alleviating poverty. To the extent that our farmers have better market access, we believe that we are able to tackle poverty more effectively.

## AGRICULTURE

Discussion Paper delivered by Mr Boureima Gado (Niger)

### FOR THE DOHA DEVELOPMENT AGENDA TO SUCCEED, SHOULD WE SCRAP AGRICULTURAL SUBSIDIES AND PROMOTE MULTILATERALISM?

As a citizen of a developing country – which is actually one of the ‘least developed countries’ (LDCs) – I should like to outline some concerns about the WTO General Council’s decision of 1 August 2004 on the adoption of a framework for establishing the modalities for negotiations on agriculture. These concerns relate to the following points:

- Parliamentarianism and the de facto establishment of informal groups during WTO negotiations on agriculture
- Agricultural subsidies and food security: the short-term benefits and long-term drawbacks
- The initiative on cotton: testing the ability of WTO countries to reconcile aspects of trade and development
- Multilateralism, trade and development: forging links between WTO agreements and the Millennium Development Goals

#### WTO negotiations on agriculture: parliamentarianism and the de facto establishment of informal groups

A theoretical and intellectual debate is currently rumbling on and on about the fact that, for locally centred development to take place in a country, ownership of a successful agricultural system is a prerequisite for industrial production. Three points stand out from this discussion:

- It is clear beyond all doubt that WTO (and UN) member countries classed as ‘developed’ are often those which, throughout their economic histories, have been able to implement the right strategies to allow them to manage the process of producing and/or acquiring agricultural goods intelligently, so that they can both meet their own needs and sell off the surplus on external markets.
- The ‘emerging’ countries, which now basically comprise the G-20 grouping, seem to be following in the footsteps of the ‘developed’ countries in that, under their respective agricultural and economic policies, they have taken ownership of the agricultural development process.
- By contrast, the G-90 countries – i.e. the LDCs and a few others – have not yet been able to develop strategies that even begin to address the many problems surrounding ownership of their agricultural development processes. As a result, fairly latent food crises are the norm in most of these countries. These adversely affect their ability to take part in international trade and result in missed development opportunities.

The above assertions, which some might describe as simplistic, nevertheless give a fairly clear picture of just how complicated the WTO agriculture negotiations are. The interests of those involved can seem to vary to such an extent that, despite the commitments governments made when they signed the Marrakesh Agreements, it is clearly tempting to stand up for the specific features of different groups. As part of their contribution to the search for a solution, parliamentarians should make every effort to follow the development of this approach, which, though informal, is nevertheless a reality. It would also be useful if parliamentarians could take this acknowledgement that groups are indeed being formed within the WTO agriculture negotiations as a basis for making bold attempts to reconcile different points of view.

#### Agricultural subsidies and food security: the short-term benefits and long-term drawbacks for trade and development

In the General Council’s decision of 1 August 2004\*, paragraph 2 of Annex A – which deals with agriculture – is a good summary of the concerns that WTO members should be addressing to ensure that the link between ‘Trade and Development’ is more than just an abstract vision, a combination of opposites or a pipe dream. It reads: ‘The final balance will be found only at the conclusion of these subsequent negotiations [on the basis of the Doha mandate] and within the Single Undertaking. To achieve this balance, the modalities to be developed will need to incorporate operationally effective and meaningful provisions for special and differential treatment for developing country Members. Agriculture is of critical importance to the economic development of developing country Members and they must be able to pursue agricultural policies that are supportive of their development goals, poverty reduction strategies, food security and livelihood concerns ...’.

\* [http://www.wto.org/english/tratop\\_e/dda\\_e/draft\\_text\\_gc\\_dg\\_31july04\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm)

There are three areas in which parliamentarians can act in an effort to ensure that these words do not go unheeded and that the negotiations do not drag needlessly on.

Agriculture in developing countries – particularly LDCs – has weaknesses that must be corrected before any lasting solution can be found, including: illiteracy, that, in the long term, scuppers attempts to introduce successful new methods; problems relating to the private ownership of land, which often hinder the start-up of new businesses and therefore block investment; and the fact that even savings and micro-loans are making their way into the agricultural system so slowly that no positive effects have yet been felt.

With regard to scrapping agricultural subsidies on food products, in addition to the negative long-term effects subsidies have on people in developing countries, the positive short-term aspects could also be considered. What would the food situation (and by extension the sociopolitical situation) be like in many developing countries if foodstuffs such as rice, milk, wheat, poultry and other meat, etc. stopped coming in – at affordable prices – from countries that subsidise agriculture?

That being said, there is no doubt that agricultural subsidies increase impoverishment, turn eating habits and food cultures upside down, and are a factor in the outflow of often scarce foreign currency, thereby rendering locally-centred development impossible in the countries concerned. Both the developed and less-developed countries in the WTO should make every effort to act in good faith by facing up to their respective responsibilities in this area. Only then can the process of turning WTO agreements into relevant legislation that is complied with be seen as a step towards development for poor people, who are paying increasing attention to criticism from civil society.

At the end of paragraph 2 of the decision (cited above), the WTO member countries acknowledge the need to take account of poverty and food safety, i.e. ‘Non-trade concerns, as referred to in Paragraph 13 of the Doha Declaration’. It now remains for the countries concerned to turn these words into specific actions. Clearly, the developed countries are now convinced that it will be difficult to foster development through trade alone, no matter whether this means trade with poor countries or between the poor countries themselves. To break the vicious circle of poverty, WTO members should agree to begin negotiations as soon as possible on a minimum list of subsidised agricultural food products. This would reduce poverty and improve food security, meaning that the people of the countries concerned could take part in the process of international trade on a sound basis, with improved incomes and an increased capacity for efficient production.

#### **The initiative on cotton: testing the ability of WTO countries to reconcile aspects of trade and development**

The lack of consensus on the initiative on cotton – proposed by several producer countries – was one of the reasons behind the failure of the Ministerial Conference in Cancún in September 2003. However, the General Council’s decision of 1 August 2004 shows that significant progress has been made on cotton.

- The General Council devotes specific paragraphs to the issue of cotton, both in the main body of the text and in Annex A on agriculture. In doing so, it is acknowledging the significance and relevance of the initiative on cotton.
- Also with regard to cotton, the General Council ‘wishes to stress the complementarity between the trade and development aspects’ and ‘instructs the Director General [of the WTO] to consult with the relevant international organizations, including the Bretton Woods Institutions, the Food and Agriculture Organization and the International Trade Centre to direct effectively existing programmes and any additional resources towards development of the economies where cotton has vital importance’.

Paragraphs 4 and 5 of Annex A, which also deal with cotton, are rather confusing, however, because although it is entitled ‘Framework for establishing modalities in agriculture’, it is difficult to see any specific ‘modalities’ for implementation in the Annex. Admittedly, paragraph 4 states that ‘the General Council recognizes the (...) vital importance [of cotton] for developing countries, especially LDCs. It will be addressed ambitiously, expeditiously, and specifically, within the agriculture negotiations’, but unfortunately the rest of that paragraph instead raises a number of questions, set out below, on the practical arrangements for carrying out the WTO member countries’ intention of addressing the issue of cotton ‘ambitiously, expeditiously, and specifically’.

- To address the issue of cotton ‘ambitiously’, why is the General Council not ensuring ‘appropriate prioritization of the cotton issue independently from other sectoral initiatives’, instead of asking for progress to be reviewed at the special session of the Committee on Agriculture, which could otherwise have been able to decide on the technical and practical aspects of the arrangement?
- How will the issue of cotton be dealt with ‘expeditiously’ when no deadline has been set by the General Council, which, in paragraph 4, stipulates that ‘a subcommittee on cotton will meet periodically and report to the Special

Session of the Committee on Agriculture to review progress? There would have been two advantages in setting such a deadline: first, the LDCs – for whom cotton is of ‘vital importance’ – would have seen that a solution was soon to be found through which the negotiations on cotton could show that aspects of trade and development can complement one another; second, it would have shown that the initiative on cotton was a successful test of the WTO member countries’ willingness to go ahead with the practical implementation of the ‘framework for establishing modalities in agriculture’.

If parliamentarians helped provide appropriate answers to the two questions above, this might in turn help the Committee on Agriculture and the subcommittee on cotton meet the objectives set by the General Council, which, wishing to address the issue of cotton ‘specifically’, states that ‘work [of the two committees] shall encompass 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 this Framework text’. In paragraph 5, the General Council also emphasises that ‘coherence between trade and development aspects of the cotton issue will be pursued as set out in paragraph 1.b of the text to which this Framework is annexed’.

### **Multilateralism, trade and development: forging links between WTO agreements and the Millennium Development Goals**

Thanks to the initiative on cotton, ‘Multilateralism, Trade and Development’ has become an approach that the WTO member countries must try gradually to build into their development policies at national, regional and international level. On 1 August 2004, the General Council did not mince its words in emphasising the need to find the links required to make the contributions of different international organisations more consistent: ‘Members should work on related issues of development multilaterally with the international financial institutions, continue their bilateral programmes, and all developed countries are urged to participate. In this regard, the General Council instructs the Director General to consult with the relevant international organizations, including the Bretton Woods Institutions, the Food and Agriculture Organization and the International Trade Centre to direct effectively existing programmes and any additional resources towards development of the economies where cotton has vital importance’.

The General Council’s decision is a significant step forwards in the agriculture negotiations and should be welcomed. It also appeals to parliamentarians, the representatives of the people, to become more involved, on a systematic basis, in WTO agreements and the Doha Development Agenda, the implementation of which – for better or for worse – will affect people all over the world.

With some minor changes, the General Council’s decision on cotton could apply to several agricultural products that are traded internationally, and to foodstuffs in particular. By taking one step at a time, the General Council is following a logical progression that would seem to make it possible to move on from cotton to other aspects of agriculture which are increasingly being addressed in terms of combating poverty via the Poverty Reduction Strategy, one of the Millennium Development Goals.

The Bretton Woods institutions (the IMF and the World Bank), to which the General Council’s decisions refer, currently have a leading role in encouraging developing countries to draw up and implement Poverty Reduction Strategies based on a set of principles, which, like the principles for WTO agreements, relate to liberal economies based on production and trade, and economic growth achieved via macroeconomic reform. To a greater or lesser degree, the Poverty Reduction Strategies involve the majority of the ‘G-90’ countries.

The Poverty Reduction Strategy is the first of the Millennium Development Goals (MDGs) setting out targets to be reached by 2015, coming under the heading ‘Eradicate extreme poverty and hunger’. The other MDGs, which are no less important, are: (2) to achieve universal primary education, (3) to promote gender equality and empower women, (4) to reduce child mortality, (5) to improve maternal health, (6) to combat HIV/AIDS, malaria and other diseases, (7) to ensure environmental sustainability and (8) to develop a global partnership for development.

Despite the importance of these issues as prerequisites for development and trade, the WTO cannot deal directly with them as this may distract the organisation from its aims. However, there is little prospect of the MDGs being met by 2015 – no matter how effective the United Nations System is – if they are ignored or disregarded in the WTO’s Doha Round negotiations. The three components of MDG 8 for example, are closely related to the issues under consideration in the WTO as part of the Doha Agenda. These issues relate to aid, debt relief and market access.

In the light of the above, parliamentarians are called upon to acknowledge the challenges they must face up to in forging links between WTO agreements and the Millennium Development Goals, considering legislative texts, voting on budgets and scrutinising government activity, with the trio of ‘multilateralism – trade – development’ always in mind, and all in the interests of those they represent across a world that is now a global village.

**Discussion Paper delivered by Mr Joseph Daul  
Chairman of the European Parliament's Committee on Agriculture**

**Reforming the common agricultural policy**

This reform amounts to much more than just changing the terms under which markets are managed. It addresses several areas of need:

- tackling the challenge of the accession of ten new Member States;
- setting up a new policy for agriculture and rural development, the scope of which extends beyond production to include the multifunctional role of agriculture;
- responding to emerging social demands in respect of safer, healthier food, spatial planning, conservation of the environment and biodiversity, animal welfare and the preservation of the countryside with its wealth of culture and heritage.

**The next step: reforming the CMO for sugar**

It is a little early to discuss this in detail, as the European Commission's legislative proposals will not come out until the WTO procedure has come to an end. It is, however, an especially important matter as it has a major impact on relations with developing countries, especially those in Africa, the Caribbean and the Pacific that have preferential access to the Community market under the sugar protocol appended to the Cotonou Agreement.

**The key issues in WTO agriculture negotiations**

Balance is key to the success of the Doha Round on agriculture. This implies:

- with regard to domestic support: recognising the specific characteristics of European agriculture, in particular the fact that it is multifunctional;
- with regard to market access: the European Union is already the most open area in the world as far as products from developing countries are concerned, in particular as a result of our partnership with African, Caribbean and Pacific countries and the 'Everything but Arms' initiative. If efforts need to be made, then the European Union cannot act alone. It is essential that other industrialised countries and countries in transition also act responsibly by opening up their markets to the world's poorest countries;
- with regard to export subsidies: any dismantling of these should be balanced, other countries with specific policies should make equivalent commitments.

**Conclusions**

- By reforming the CAP, the European Union has made a substantial effort with regard to agriculture and it expects other producer countries to make similar efforts.
- The WTO negotiations do not focus solely on agricultural subsidies: other aspects involved include industrial products, services, public procurement, subsidies for the aeronautical industry, etc. There is a need to bring agriculture and other sectors into line with each other.
- The general agreement reached at the WTO must be balanced, both geographically and at a sectoral level.

**Discussion Paper on Agriculture  
delivered by Mr Masatoshi Wakabayashi (Japan)**

**Basic stance of agricultural importing countries**

- Countries which import agricultural products have greatly contributed to the expansion of world trade in the field of agriculture through their high level of imports. In addition, these countries contend that the diversity of agriculture should be respected, and that non-trade concerns, which include food security, should be taken into consideration for the coexistence of various types of agriculture. We understand that these ideas are matters of common concern and interest among all the WTO members.
- Japan wishes to contribute positively, as the world's largest net importer of agricultural products and as a traditional agricultural nation, toward solving the problems that will face the world in the twenty-first century, such as population, food, the environment, hunger, and poverty.

- In the current negotiations, we define our basic philosophy as the “coexistence of various types of agriculture” so as to maintain the foundations for the existence of agriculture even amid differing production conditions in each country.
- We advocate the establishment of realistic and flexible trade rules that give consideration also to non-trade concerns, including the multifunctionality of agriculture, such as in relation to food security and national land preservation functions.
- The trade order established by these negotiations should achieve a balance among the three areas of market access, domestic support and export competition; ensure a balance of the rights and obligations between importing and exporting countries; and be truly equitable and fair.
- Also, balanced results should be ensured between agriculture and other negotiated areas.
- Since the Uruguay Round Agreement, Japan has steadily promoted agricultural policy reform, including paddy-field agriculture, and will continue these reform efforts.
- From now on, it will be essential to ensure flexibility in the modalities that are to be established on the basis of the framework agreement so that each country can continue agricultural policy reform and respond appropriately to sensitive matters, such as non-trade concerns.

#### **Thoughts on domestic support and export competition in the agricultural negotiations**

- The main users of domestic support and export competition are the developed countries.
- Trade-distorting domestic support and export-promoting measures, including export subsidies, by the principal exporting countries take away the opportunities of developing countries to maintain and expand domestic production and promote exports.
- The substantial reduction of such trade-distorting domestic support and elimination of trade-distorting export competition measures are an extremely high priority objective in the Doha Round agricultural negotiations.
- Also, we believe that this will lead to a vast improvement of market access for developing countries.
- For this reason, on the basis of the July framework agreement, we think that the following points should be materialized in future negotiations.
  - (a) Domestic support
    - Policies with a strong element of trade distortion should be reduced even more substantially.
    - Conditions should be stipulated so that a lesser degree of trade distortion is ensured for “Blue Box” measures than for “Amber Box” measures.
    - Since “Green Box” measures, which are extremely important policies for dealing appropriately with non-trade concerns, have either no or minimal trade distortion effect, efforts should be made to ensure their transparency and in principle to maintain the current discipline.
  - (b) Export competition
    - Since export-promoting measures, such as export subsidies, have the strongest element of trade distortion, export subsidies, export credits with a high degree of trade distortion, and trade-distorting behavior in such areas as state trading should be abolished as soon as possible. Food aid that acts as a substitute for commercial trade should be eliminated.

#### **Discussion Paper on Agriculture delivered by Ms Evelyn Matthei Fornet (Chile)**

- Chile is committed to an ambitious outcome across the whole agenda of the Doha Round. We are interested in achieving substantive results in areas such as market access for industrial products, services, antidumping and trade facilitation. We have been active and constructive players in all those areas. This is recognized by all WTO Members.
- But at the same time agriculture is for us the single most important part of the Doha Round. Why?

- Agriculture has been central to the process of export-driven growth and export diversification that Chile has gone through for more than 2 decades. One only needs to recall that by the mid seventies copper accounted for more than 70% of Chilean exports.
- We have invested enormous efforts for more than 2 decades to become a relevant player in world agricultural trade. The success stories of Chilean wine, salmon, fresh fruit and processed foods testify to this. Investments have been made and jobs created. For Chile, agricultural trade has been a crucial development engine. Discussion paper on Item 3(a) - Agriculture 6.
- Yet we have not been able to reap the full benefits of our comparative advantage in agriculture.
- It is true that we currently enjoy an improved access to most of our main export destinations through our network of free trade agreements.
- But enormous amounts of subsidies are still in place, especially in Europe and the United States, which prevent us to have a bigger presence in those markets.
- Moreover, subsidized European products unfairly compete with our agricultural exports in third markets, and occasionally even displace them entirely from those markets. The bitter experience of our canned peach exporters being displaced from Mexico and other Latin American markets by heavily subsidized European canned peaches is just one example.
- I think this explains why we have so consistently pushed for the reform of world agricultural trade, since 1986 within the Cairns Group and since 2003 also within the G20 group of developing countries. Both groups have very similar views on most aspects of the agricultural dossier, and we see both as complementary.
- The trade -distorting subsidies granted by OECD countries to a privileged minority of their population engaged in farming outstrip the development aid granted by those same countries by a factor of 6 to 1. And let's not forget that most of the world's poor earn their living in agriculture.
- Our own experience has convinced us, against what some like to say, that agricultural exports may be an important tool for development. What has worked for us surely can work for others. But for those benefits to fully materialize we need a level playing field, that is, a world free of distortions in agricultural trade.
- This reality is behind the emergence in August 2003 of the G20 group of developing countries. It's interesting to note that several members of the G20, such as India and Egypt, are net agricultural importers. But still they face the problem of their poor farmers having to compete with cheap subsidized imports from developed countries
- We need to dispel some misconceptions. We are not against European agriculture, or actually against any other country's agriculture. This is a debate about tools, not about goals. Governments are free to pursue their own goals in all spheres of public policy, including agricultural policy. But it is important that in doing so they do not undermine other countries' legitimate expectations. This is particularly true when those other countries are developing countries trying to make a living and to get their populations out of poverty by exporting those products in which they enjoy comparative advantage.
- Another common misconception, at least in Europe, is that some developing countries stand to benefit from agricultural liberalization to the detriment of other developing countries. According to this view, the richer countries of the G20 will gain at the expense of the poorer countries of the so-called G90 group of mainly African countries. This is plainly wrong. Trade is not a zero-sum gain, and G90 countries stand to gain a lot from agricultural trade liberalization. Trying to pit developing countries against each other is also a dubious negotiating tactic. Moreover, things are not that clear cut. Several G90 countries are actually richer on a per capita income basis than most G20 members, with their huge poor populations (for example India, China, Pakistan, Indonesia and Brazil).
- We welcome the reform of the EU's Common Agricultural Policy that is to take place starting next year. We see it as an important -yet insufficient- step in the right direction, which makes an agreement in the WTO easier to visualize.
- The countries maintaining the most protectionist and anti-development agricultural policies are the same ones who have benefited enormously from the impressive liberalization of trade in manufactures that has taken place for almost 60 years since the creation of the GATT. The lowering or even removal of tariffs in industrial products has allowed those countries to fully exploit their comparative advantage in those products.

- It is high time for those countries to allow developing countries to do the same: exploit their own comparative advantage in agriculture, so they can also improve their populations' lives and aspire to development.
- The framework agreement reached last July is an important step in the right direction. In particular, the commitment to put an end to all forms of agricultural export subsidies is of tremendous importance. We pay tribute to the courage shown by the European Union's negotiators in making this decision.
- But many uncertainties and difficulties remain. These difficulties are not essentially technical; they are political. If we are to arrive at a successful outcome, a lot of courage will be required from both the governments and parliaments of those WTO Members with the most protectionist agricultural policies. But it is crucially important that those reforms are made. They not only are indispensable to allow a sound conclusion of the Doha Development Agenda: they will ultimately benefit the economies of those countries undertaking them.
- To conclude, let's recall that agricultural liberalization is not just a trade issue: it is a development issue. And development is what the Doha Development Agenda is supposed to be all about.

## Plenary Session on Agriculture

**Mr Boureima Gado**  
**Member of Parliament, Niger**



The first item is parliamentarianism and the establishment of informal groups to deal with the question of agriculture and farm trade. We have already seen a number of WTO representatives from different countries saying that farm matters tend to be political issues. They are of interest to everybody but they give rise to conflicts of opinion. It is perhaps due to agriculture that countries are characterised as being developed, less developed or developing countries. However, is it going to be helpful to categorise and classify it this way? I would like to give a number of examples. I was on a visit to Nicaragua in October 2004. It is evident that there is enormous agricultural potential in this country but there are problems in administering the farm sector due, for example, to land issues, which are very complex and difficult in Nicaragua. There are other countries in Latin America, which are trying to resolve such difficulties, such as Mexico and Chile. They are trying to deal with agricultural problems of this kind and this leads them to proceed with their development. Furthermore, countries such as Burkina Faso or

Mali have introduced agricultural development and rural development policies, which have made it possible for them to produce more, as well as being able to export some of their produce. We, as Members of Parliament, need to take account of the facts as they exist. Should we be seeing this question in terms of a crystallising of ideas or should Members of Parliament rather be trying to encourage co-operation and dynamic consensus, which should enable us to come to a viable formula to resolve the problems and issues in agriculture?

Secondly, let me come to agricultural subsidies and food security: their short-term benefits and long-term drawbacks for trade and development. There are a number of bones of contention relating to the elimination of subsidies and, as the WTO General Council has said, we need to find out how we can eliminate most of these subsidies in a progressive fashion. However, the issue that arises for the developing countries, especially those with very small economies, is that subsidies can bring advantages as well as disadvantages.

The advantage can be that if a country is unable to produce enough food, it will benefit from farm subsidies of other countries because the products that it imports will be affordable. However, at the same time, it will hold back development of farming and agricultural production in these countries. Therefore, it will often result in these countries being wholly dependent on other countries' exports. Perhaps, in the WTO, we could see which farm products should be the object of negotiation for reasons of food safety so that the developing countries would be able to provide for their

needs in terms of food and so that they are also able to proceed with development and indeed export certain products where they have a comparative advantage.

Thirdly, let me come to the initiative on cotton: testing the ability of WTO countries to reconcile aspects of trade and development. The WTO has now started to grasp this particular nettle. Cotton and subsidies for cotton give rise to enormous problems for producers such as Burkina Faso, Mali, Chad and Benin. The price of cotton has dropped drastically due to over-production, largely caused by the subsidies for cotton that some countries, namely the USA, grant. This means that cotton prices fall so that countries making an effort to produce cotton see this market undermined.

They are trying to export cotton, which should be competitive, but because of the situation they are unable to compete and to exploit the comparative advantage they would otherwise have. Therefore, the WTO needs to concentrate on the way in which cotton is considered and the possible setting up of a special fund. We have not seen the Council coming up with any time schedule at this stage but a sub-committee on cotton has now been created, which is a step forward. It would be desirable that there is some sort of deadline so that we could look forward to a conclusion to negotiations on cotton.

Finally, multilateralism, trade and development: forging links between WTO agreements and the Millennium Development Goals. If you look at the July General Council text, there is stress on the fact that, with regard to cotton, we should see the WTO aligning with a number of other organisations such as the Bretton Woods institutions. The World Bank is following a strategy to fight poverty; the Food and Agricultural Organisation is looking at the question of farm production. Considering food production overall and the international community, we will need to see how, of all the possibilities that are open to it, those regions which are receiving financial aid are able to gain from that. Certainly consistency between the different institutions is very important and we, as Members of Parliament, need to stress the fact that the Millennium objectives for development are the goals that we have to set our sight on. We must try to ensure that the various objectives and targets are approached in a convergent manner by the WTO and other institutions.

**Mr Joseph Daul**  
**Chairman, Agriculture Committee, European Parliament**



It is my responsibility today to tell you about progress with regard to the reform of the Common Agricultural Policy and the position of the European Parliament on these reforms. At our last meeting, in the margins of the Ministerial Conference in Cancún, I had the opportunity of presenting the objectives of the reforms of the Common Agricultural Policy. As I said at the time, this reform responded to the need to rise to the enormous challenges facing European agriculture posed by the accession of ten new Member States.

It was also necessary to establish a new agricultural policy and a rural development policy that went beyond the purely productive function of agriculture. This reform made it possible to enshrine the principle of multifunctionality of agriculture in order to meet new social demands such as the production of safe and secure forms of food, regional development priorities, environmental and bio-diversity protection, the need to protect animal welfare and the need to preserve the rural environment and cultural heritage. These are all elements behind the reform

adopted in Luxembourg in July 2003. Many important things are at stake. We, in the European Parliament, have made a contribution to this process of reform through our suggestions to the Commission and the Council, as well as listening to the views of representatives of civil society and of farmers.

Today, the European Union has embarked on a reform of the organisation of the sugar market. This is a major step for us because it is a vital factor in the relations we have maintained for more than thirty years with African, Caribbean and Pacific countries, who, through the sugar protocol annexed to the Cotonou agreement, enjoy privileged access to the European market.

Beyond this reform, there is the question of the European Union's international commitments. The European Parliament, and, in particular its Agriculture and Rural Development Committee, feels we must respect Europe's relations with all its trading partners. Therefore we welcome the agreement reached in 2004 in Geneva which is of great importance for concluding the negotiations started at the Ministerial in Doha, in the autumn of 2001.

We warmly welcomed the role played by the European Union in achieving this agreement and we in the European Parliament are fully committed to achieving an agreement on the negotiating arrangements for the Ministerial Meeting in Hong Kong in December 2005. In these negotiations, we call for the specific nature of European agriculture to be recognised, as well as that of all the countries of the world, and the multifunctional nature of agriculture.

Regarding market access, the European Union is already the most open market for products from developing countries, thanks to, among other things, its relationships with African, Caribbean and Pacific countries, or by means of the "Everything but Arms" initiative. For the European Parliament, it is absolutely vital that other industrialised countries and emerging economies show the same degree of responsibility, offering greater market access to the world's least developed countries.

As regards export subsidies, Members of the European Parliament support the principle of a progressive dismantling of export refunds. We feel that other countries should enter into similar commitments with regard to state aid or export credit regimes.

For the European Union, there are also important issues to be put back on the agenda. This is the case for geographic indications because it is vital that our efforts to promote high quality products be recognised and protected. This applies to all countries. The multifunctional nature of agriculture must be recognised because this principle underlies all our reforms of the Common Agricultural Policy. Finally, the negotiations must address certain non-trade considerations such as animal welfare, the precautionary principle and obligatory labelling.

We support the need to reform our Common Agricultural Policy; however, every country has to make their contribution too. Accepting reforms doesn't mean accepting total liberalisation of trade. When we analyse the situation on the world coffee market, I do not think we can be convinced of the virtues of complete liberalisation of agricultural markets.

Producing food is simply not the same as producing nuts and bolts. The multilateral negotiations in agriculture must not lead to the market being the sole determining factor. The negotiations should make it possible to create clear rules of the game to ensure that there is some coherence in world trade in these products. This form of regulation is necessary because a total liberalisation of agricultural markets risks destabilising many economies, including those of poor countries. It is for this reason that it is absolutely vital that we should reflect together with all the organisations concerned – FAO, UNCTAD, World Bank, International Monetary Fund and also important NGOs – to address these issues.

As chairman of the Committee on Agriculture and Rural Development, it is my intention to encourage the Commission and European Council to open a wide ranging debate on this subject and I very much hope and wish that the future reform of the sugar market will give us an opportunity to begin that process at an international level involving all our friends concerned by this matter. This is the spirit in which we should work, opening up world trade to a large extent, to help the poorest amongst us.

**Mr Masatoshi Wakabayashi**  
**Member of Parliament, Japan**



Trade in agricultural products has both bright and dark sides. The advantage might be economic growth in exporting countries. On the other hand, importing countries may face damage to the landscape, environmental deterioration and the loss of employment and social stability in rural communities. We parliamentarians are responsible for paying special attention to this dark side. We believe that, in negotiations on agriculture, the time has come for the parliamentary conference on the WTO to play an important role, based on the fundamental policy of allowing the co-existence of various types of agriculture.

With regard to the agricultural negotiations, we must remember the principles contained in the Doha Ministerial Declaration of 2001. The WTO agricultural agreement based on the Uruguay Round is sorely lacking in equity and fairness between the developed food exporting countries on the one hand and the developed food importing countries and developing countries on the other. Rectification of these inequities and unfairness

should be a basic premise of this Round of negotiations. Therefore I would like to make the following five points in working to achieve the goals of the Doha Ministerial Declaration so we can all share the same perspective.

Firstly, we would like to see the following disciplines regarding domestic support applied to the developed food exporting countries. Highly trade distorting policy measures should be significantly reduced and the blue box should be made less trade distorting. In addition, the green box should, in principle, maintain its current disciplines. As for export competition, export promotion measures including export credits, export state trading enterprises and food aid, except humanitarian assistance, as well as export subsidies should be eliminated expeditiously with established deadlines.

Secondly, I would like to discuss respect for diversity in agriculture. The current agricultural negotiations are based on the assumption that agricultural products in the world are basically over produced. However, in light of negative factors such as growing populations in developing countries, global warming as well as the massive loss of farmlands due to desertification, in the future the global food supply and demand is certain to become increasingly unstable. If the global food supply becomes very tight, will the food exporting countries guarantee to supply food to the food importing countries to the sacrifice of their own citizens?

On the third point, if international prices for agricultural products rise, it will do great damage to developing countries, which are dependent on food imports. For this reason, trade rules should be established to ensure that each country can maintain its agricultural foundations, enabling it to feed its citizens based on its own decisions. The production conditions for agriculture differ from one country to another in terms of natural and social conditions and historical background.

The fourth point is in regard to environmental protection. It has been pointed out that farming areas, where efficient standardised large scale production farming methods have been used, are subject to drying up of underground water, soil erosion, salt damage and other conditions that make it no longer possible to continue agricultural production. Japan and other nations in the Asian region that engage in irrigation agriculture have found ingenious solutions to such problems. In fact paddy agriculture is a farming method placing a minimum burden on the environment, taking advantage of sufficient water resources. Thanks to this approach in Asia, the same paddies have remained in active use for thousands of years. The key crop in this kind of farming is, of course, rice. I would also note that Japan is a forested country with many steep slopes. When dealing with the issues of sustainability of forests and the forestry industry and harmful environmental trends such as global warming, it is necessary to give adequate consideration to its trade aspects.

On the final point regarding conservation for the developing countries. As far as the developing countries are concerned, agriculture remains vital in terms of economic development and social stability. In view of food security, concrete and visible measures should be adopted to improve special and differential treatment for the developing countries. In such cases, developed countries should actively support developing countries to help them develop their agriculture and rural

communities not only through improving market access, ending export promotion measures and reducing domestic support by developed food exporting countries, but also in terms of agriculture technology and funding.

As for cotton, we support the proposal for the elimination for trade distorting export subsidies and domestic support by the developed exporting countries. In addition, from the standpoint of promoting exports from developing countries to developed countries and helping them achieve economic development, we should not only give due considerations to trade preferences but also study the possibility of making it obligatory for the developed food exporting countries to import, from developing countries, certain levels of agricultural products in proportion to their exports.

Finally, let me conclude by reiterating that, in order for the WTO agriculture negotiations to be successful, it is extremely important that, while mutually recognising the differences, all the nations involved work to expand equitable and fair trade, adopt flexible, realistic approaches that will allow the co-existence of various types of agriculture in the world and give special consideration to developing countries. I hope that the parliamentary conference on WTO will fulfil its role to the utmost extent.

**Senator Evelyn Matthei Fornet**  
**Chile**



Chile is committed to a successful outcome of the Doha Round and is interested in achieving substantive and ambitious results in areas such as market access for industrial products and services and trade facilitation. We are open-minded in all of these areas and this factor has been acknowledged by all members of the WTO. For Chile, the most important aspect of the Doha Round is agriculture. Our country, like the majority of the countries of the Southern Hemisphere, suffers from low levels of growth, high levels of poverty and unemployment and we have suffered these problems for many decades. At one point in our history we decided we were going to pay attention to economic textbooks and we unilaterally opened up our economy, lowered our tariffs and implemented budgetary and monetary discipline and freed our exchange rate. The idea was for us to specialise in those areas of production where we had a comparative advantage and, in Chile, as in the majority of underdeveloped countries, we obviously have abundant production factors in terms of unskilled labour and natural resources. In other words, we have the

advantage of many natural resources and cheap labour.

We went through a very difficult process of transformation in Chile. When we lowered our tariffs we had a wave of imports that made life very difficult for most of our companies. Many people lost their jobs. Unemployment, at a certain point reached thirty percent. Nevertheless, at the end of the day we did achieve what the textbooks had promised us. There was, at first, domestic investment and then foreign investment to produce exportable goods and these exportable goods did make intensive use of unskilled labour and natural resources. Once we had this export driven growth, we had lower levels of unemployment, and when unemployment reached normal levels, it became possible to raise wages.

Alongside the increase in wages, we saw a fall in poverty levels. In Chile, we have managed to reduce poverty substantially. There is no more effective way of combating poverty than by creating jobs. Chile, as I have said, has succeeded in substantially reducing endemic poverty of the kind that is a scourge for so many countries.

Now we are entering a second phase with second and third generation reforms of our economy. Now that wages have increased, we need higher levels of education and higher levels of skills for our workers and we have to give greater value added to our products if we are to maintain our competitive edge. However, unfortunately no country can reach this second phase without going through the first phase. In other words, where you have to produce goods by means of cheap labour. In Chile, this was agriculture. Our wines, fresh fruits, salmon and processed goods are all proof. For countries with very high levels of poverty, agriculture is really the only area where they can enjoy a competitive advantage initially. Free trade and the promises it holds out for welfare prosperity are an empty promise for poor countries if they are not able to develop their agriculture.

Export subsidies and domestic subsidies that distort trade are a major cause of the poverty from which so many of the Southern Hemisphere countries are suffering. It is not possible to find any substitute for the benefits of the development of agriculture. No kind of humanitarian relief can equal the impact of developing agriculture. We are not against European agriculture, of course. Europeans have a right to preserve life in the countryside, their landscape, their agricultural heritage, and the so-called multifunctionality of agriculture. What we are saying is, that the measures they use must not distort international trade. The countries which maintain the most anti-development policies, the most protectionist policies, are the same countries that have benefited from free trade in manufactured goods over the last fifty years. Dismantling of tariffs for industrial goods has made it possible for these countries to fully exploit the comparative advantages of their industry. It is now time for these countries to allow the less developed countries to exploit, in turn, their comparative advantage in agriculture in order to offer employment, development and poverty reduction to those countries. I would like to point out that Chile is a member of many free trade agreements which has made it possible for us to obtain reasonable access to many agricultural markets. Therefore, we are not just championing Chile's cause; we are concerned about the poverty affecting so many other countries in this world.

The Framework Agreement achieved in July is an important step in the right direction, particularly the commitment to put an end to export subsidies. We salute the courage of the European negotiators in taking this decision. There will be many difficulties to overcome. They are not technical problems, they are political problems. Even more courage will be required of governments and Parliaments of those members of the WTO who have the most protectionist agricultural policies but it is vitally important to carry out these reforms. The liberalisation of agriculture is not just a question of trade, it is vital for development and poverty reduction and these are precisely the objectives of the Doha Development Agenda.

## Discussion on Agriculture

### Mr Paul Crête - Canada

I am speaking on behalf of an agricultural region, Quebec. Proper strategies were promoted in North America by the end of the thirties to try to adjust to the market. We should avoid a race to the bottom against the poorer producers. When I was young, we bought bananas for thirty cents a kilo and we still pay the same amount now, whereas farmers cannot get their own money back. Therefore, we are trying to come forward with proper strategies in Canada, for example with milk, for a decent price so it is not just a market matter, as European producers and representatives have said. The idea might be to have a periodic assessment of the economic and social impact carried out by the WTO rather than to have last minute remedies that do not suit anyone. One wants to have a proper impact.

### Mr Roberto Salerno - Italy

Dwelling on the topic that has not been highlighted much by rapporteurs is the wide spread use of Genetically Modified Organisms (GMOs). We are seeing an expansion of agricultural policy, particularly by the United States, which is bringing in greater GMO use. As we are aware, these do not guarantee the survival of the agricultural base, which is vital for all countries, because GMOs really replaces the traditional farming base. Therefore, I would ask for your opinion on this type of expansive policy based on the United States' great strength. There is a need to guarantee survival of the agricultural base in all countries and the promotion of traditional agriculture. This could be jeopardised by the use of hybrid GMOs unless someone has biotechnology patents. Once a person has fallen out of agriculture he does not come back.

### Mr Jaime Gazmuri - Chile

There is now a significant trend towards negotiation of bilateral free trade arrangements. Almost as an alternative to the multilateral system, it is seeking to achieve a broader and fairer system in the world. We in Chile have indeed played a very active role in promoting free trade associations and free trade agreements with some of the strongest economies of the world, including the European Union and the United States. It is true that sometimes these treaties, multilateral or bilateral, are very interesting to less developed countries because they often guarantee access to markets which have hitherto been closed or establish clearer rules or eliminate barriers such as quotas. Nevertheless I think it would be wrong to believe that these regional or bilateral agreements can be a substitute for global, WTO agreements, particularly when it comes to agriculture because, systematically, questions of agricultural trade distortion have been left aside by the most developed countries. They use the argument that agriculture is not to be included in the regional or bilateral agreements because the WTO is dealing with that. The July agreement holds out some light at the end of the tunnel but will there be a political will to ensure that in a year's time, we will make significant headway in this area? We understand this talk of multifunctionality of agriculture, we understand what you say about there being different types

of agriculture but the glaring fact is that it is fundamentally Europe, United States, and to some extent Japan, who are creating complete distortion in agricultural trade. In other words, there is total asymmetry in international trade here. The levels of distortion that we now have are unacceptable if we want to make headway in achieving fairer trade at the same time as freer trade.

**Mr Vitaliy Shybko - Ukraine**

Ukraine is not yet a member of the WTO. The main reason for this status is inside of our society. Some consider that membership of the WTO would not be profitable. According to these views, for example, our membership would have rather bad consequences for the development of sugar production. Some concerns are that it would close more than forty enterprises producing sugar. Yes it could be a problem. However, on the other hand, it could be a good decision for our agricultural sector. The part of society on the streets is now struggling for democracy and a market economy in Ukraine. They consider that it is impossible to develop a market economy without our membership of the WTO. Ukraine has finished bilateral negotiations with some European countries. Therefore I am sure that, on behalf of the progressive part of the Ukraine society, you would support us and we could have a final decision about our membership as soon as possible.

**Mr Carlos Baraibar - Uruguay**

As is quite correct in a democratic system, we represent in turn the opinions of much of the people of Latin America. However, we have not always had the opportunity of making our views heard in fora of this kind in the past. Recently, thanks to the changes taking place in the Americas, this situation is evolving. We have often heard that Cancún was a failure but I think for many people, including myself, it wasn't a failure. The draft declaration used a more neutral word, a deadlock, but I do not think it was a failure. If it was a failure, it made Geneva possible and now it has made it possible for there to be two parties in the negotiations whose voices can be heard. Once there is a negotiation with two parties, at least the two parties have to listen to one another, have to respect one another if an agreement is to be reached.

**Mr Seiichi Kaneta - Japan**

The following comments are from the standpoint of the world's largest importer of agricultural food. In Japan, the food self-sufficiency ratio is forty percent. In other words, Japan relies on overseas countries for about sixty percent of the food it consumes domestically. The volume of the agricultural products that Japan imports has increased 3.5 fold over the last thirty years. In the context of the growing sense of crisis among Japanese people about the state of affairs, the Japanese government has adopted a number of measures aimed at increasing the self-sufficiency ratio. However, for the past several years, the ratio has remained forty percent and there are fears that, unless remedial measures are taken, it will continue to decrease. There is a risk of the entire structure of food supply falling into crisis, whenever, for example, Japan experiences poor harvests due to weather factors, fluctuations to supply and demand of world agricultural markets, or import difficulties due to international political situations. Such a vulnerable position requires wide recognition that guarantees of food security are of great importance in order to safeguard the lives of Japanese people. Furthermore, considering that there are nearly eight hundred million undernourished people in the world, using its economic power to buy up food from nations all over the world is not an option that Japan should follow.

It is my belief that we cannot discuss this item simply in terms of economic superiority or the rules and ethics of free trade. Japan is a rugged and mountainous country; seventy percent of Japan's land consists of hilly and mountainous areas. Japan's paddy fields play a vital role in, for example, the retention of water, flood control, fostering water resources and prevention of landslide disasters and they also play a role in the conservation of national land. The preservation of the multifunctionality of agriculture is thus also essential for the welfare of the people who live in low-lying regions. Japan, therefore, calls strongly for the establishment of fair and equitable trade rules that will enable the multifunctional roles of agriculture to be made manifest, based on the philosophy of the co-existence of various types of agriculture.

With regard to market access, Japan strongly calls for a framework that allows for a flexible response to diverse agricultural conditions, the actual state of agricultural policy, as well as various changes expected to occur in the political situation of countries and regions. In this sense, we cannot accept setting ceilings to tariffs without allowing exceptions nor can we accept the expansion of tariff quotas. We are resolutely opposed to that. On the other hand, Japan believes that consideration of non-trade concerns should be welcomed and we ask that these concerns be given due importance in the negotiations as stipulated in the agreement on agriculture.

**Dr Hassan Moradi - Iran**

As you might be well aware, our request for membership was rejected for fourteen consecutive attempts, especially by American lobbies. As an academic expert working for more than fifteen years on GATT, the agricultural sector, developing countries' positions, the Uruguay Round and the WTO, I advised my government not to join the GATT

and WTO from the beginning since we want to share the rest of the developing countries' gain up to now. However, it seems that WTO, like its predecessor GATT, is still a big-man's club. We, as one of the first few developing countries, used to be so-called "provisional contracting parties" or observers to the GATT and have the right to join WTO without any political discrimination. I hope your support will help us join the WTO to share our progressive and demanding market, as one of the most important Middle-Eastern countries, with the rest of the world.

**Ms Sirkka-Liisa Antilla - Finland**

Agriculture and free trade is a very complicated combination. Ninety percent of world food is consumed where it has been produced. Ten percent is the share of food that is exported and competes worldwide. How could we combine sustainable development, emerging social demands in respect of safe, healthier food, the conservation of bio-diversity, animal welfare and the preservation of countryside, with its welfare and cultural heritage, with worldwide competition and trade? We need strict rules and legislation on the WTO negotiations concerning these items which are also very important to consumers. What decisions are being made during these WTO negotiations to ensure that food safety, food quality, sustainable development, animal welfare and all these important issues can have concrete standards in worldwide trade? How to help developing countries is a very important issue. The developing countries are selling their raw materials at very cheap prices to the industrialised and developed countries, which are processing these raw materials. All these benefits are going to the wrong pockets in developed countries. We must help developing countries benefit more from their cheap raw materials.

**Mr Yingfan Wang - China**

The framework for establishing modalities in agriculture is of great significance. Though the agricultural framework agreement did not specify the concession formula or parameters, the principles and basic contents it incorporated reflect the spirit of Doha mandate. It will certainly facilitate the future negotiations. China has consistently advocated the realisation of the targets of liberalising agricultural trade decided by the Doha Declaration. I support the decision in the Framework Agreement to fix the date for finally eliminating export subsidies. China stands for eliminating all forms of export subsidies, making substantial reductions in trade distorting domestic support, making substantial improvements in market access and providing operational special and differential treatment for the developing members in the negotiation. Being a recently acceded member, China made broad commitments in the accession process. China has one of the lowest average tariffs for agricultural products, in spite of the fact that there is a rural population of nine hundred million in China and agricultural issues have a direct bearing on economic and social stability. Nonetheless, China is willing to play a positive and constructive role and to push the agricultural negotiation forward to a gratifying outcome.

**Mr Martin Bissila - Congo**

We very much appreciate, as Congolese Parliamentarians, the new dynamic which has emerged from the July WTO General Council Meeting with a view to saving the Doha Round negotiations. In particular we appreciate the clearly expressed wish, despite continuing divergences which need to be overcome, to place agricultural market access and cotton at the core of negotiations. We believe that we need to underscore time and time again the means by which we can harmoniously move forward towards lasting development goals. However, there are still a number of obstacles to the development of agriculture in our countries and I would like to give a few examples: dilapidation or non-existence of means of communication, roads, rail, airports; low level of integration at the sub-regional and regional level; the non-existence of local industry and agricultural product processing so that you cannot add value and generate jobs; the virtual non-existence or weakness of financing mechanisms that would be appropriate to deal with agriculture; but also the weakness of national production structures. Given that in Africa we have the NEPAD (New Partnership for Africa's Development), the strategy conceived for the long term development of Africa, should we not be emphasising how important it is to have the sort of mechanisms that would incorporate the NEPAD and WTO lines of approach?



**Mr Ramon Dario Vivas - Venezuela**

Firstly, agricultural production is a basic way of maintaining cultural heritage, a certain way of regional planning and is also closely linked to questions of food security, sovereignty and rural development. Therefore, you can not treat agriculture just like any other economic activity. The WTO is affirming a whole doctrine that affects all of our lives, saying that every part of life is somehow linked to trade. There is a danger that all areas of life are subjected to purely commercial considerations. Therefore, for Venezuela we have to establish a fair form of agricultural trade through WTO rules and disciplines. Food security, rural development, reduction of poverty must be considered to be fundamental concepts that we defend in negotiations. The non-trade issues that have been referred to in the Conference's Draft Declaration are not the same as the multifunctionality principle that we have been defending. The Venezuelan delegation stresses the need to remain critical with regard to services, investment and intellectual property. We need a just and fair arrangement, which does not correspond at all to the paper that we have before us as a Draft Declaration. Although the Draft declaration includes agriculture, it seems simply to be giving support to the WTO method, which shares a responsibility for creating all this inequality between developing and developed countries.

**Ms Maria Antoaneta Dobrescu - Romania**

Foreign trade is today a powerful engine of development. Romania has been and continues to be a strong supporter of the multilateral trade system based on clear rules agreed upon by all participants to be implemented with an equitable and non-discriminatory framework. At the national level, the Romanian authorities are looking for increased competitiveness and a durable framework and give particular attention to the safety of food. In terms of domestic support, we give priority to the Green Box whose measures should be maintained without imposing quantitative limitations. Such measures are very important for Romania, given their positive impact on the continuation of agricultural reform. The progress in the Doha negotiations is of great importance for us all as it impacts on the achievement of the Millennium Development Goals. In this respect, we welcome the proposals put forward in the discussion paper on agriculture prepared for our meeting. The WTO parliamentary process should explicitly integrate the MDG perspective and give it a high priority in the years to come. Parliamentarians should ensure that their respective governments also respond to the recommendation of the United Nations General Assembly inviting the World Trade Organisation to strengthen its institutional relationship with the United Nations including through enhanced participation in the debate devoted to finance for development.

**Mr Mohamed Tom - Sudan**

International trade is considered one of the most important mechanisms to push economies and development forward. However, there are a number of problems and obstacles which stand before us and prevent us promoting agriculture, the service industry and industry in general in the developing world and especially in the least developed countries. These obstacles include the technology gaps or the digital divide, which separates the developing countries, especially those in Africa, from the developed ones. International trade, its accompanying mechanisms, the mechanisms for competition and also the erasing of borders are mechanisms to encourage competition. Competition depends on the capacity of countries to acquire technology and the means of developing agriculture and industrial potential. However, there is a deep gap between developing and developed countries. Therefore, if we, the countries of the world, do not

work towards closing this gap, this will prevent many countries from active participation in international trade because competition is based on the ability to create quality and this in turn is dependent upon the developing countries' capacities to acquire information and technology. The African countries in particular suffer very much from this technological gap and this has led to the marginalisation of the African countries, which lack technological capacity, which also lack adequate infrastructure.

We need to work together to push the United Nations and the World Bank to put in place programmes parallel to those which assist countries to join the World Trade Organisation. The NEPAD initiative has called upon all countries of the world, especially the seven richest countries, to work to erase the marginalisation of the African countries so that they will be able to benefit fully from international trade. If we do not succeed in removing these barriers, by increasing the capacities of the developing countries, if we do not work on strengthening the infrastructure of the African countries, Africa will not be able to survive in the international community, especially in the trade community. Therefore, we call upon all countries of the world and especially the United States and the countries of the European Union to intensify their efforts and to encourage the NEPAD initiative so that Africa will be able to be an actively participating member in all fora.

**Mr Lino Rava - Italy**

There is a need for a re-balancing of the world situation. Italy has a wealth of farming and a great deal of bio-diversity because of different geographical situations, because of local and regional culture, because of consumer requirements for food safety. For Italy, there is a need to carrying on promoting product safety and development, traceability and being able to establish the entire food chain from the farm to the table. I think that is something that we must insist on, that Europe is the major importer of farm produce internationally. Our agriculture needs the WTO to cover protected markings on the line of Article 12 of the Doha Declaration. We also need to respect the TRIPS agreement combating piracy, then secondly, to establish codes of conduct that will lead eventually to a cut in European and national aid, thirdly, to provide proper guarantees for consumers of the health, transparency of the production process and traceability of products.

**Mr Alongkorn Ponlaboot - Thailand**

It is our pleasure to learn that some progress had been made on the Doha Development Agenda. We recognise the July package as a break through for the DDA negotiation. Undoubtedly such a work programme would not have been successful without strong political wills and support by all stakeholders including us, parliamentarians. Development is at the core of the DDA negotiation and the underlying importance of achieving a balanced overall outcome. We stress the importance of agricultural reform, including the abolition of all forms of agricultural export subsidies and unjustifiable export promotion, substantial reduction of trade distorting domestic support as well as substantial improvement in market access. Finally, in order to contribute to the negotiation, parliamentarians should be more involved in the WTO's work. Parliamentarians already play a very important part in the WTO as they are charged with the responsibility of ratifying the agreement. We believe parliamentarian could ask their governments to bridge the gap between the WTO and voters by holding public hearings and better educating the public at home in the creation and implementation of policy.

**Mr Robert Sturdy - European Parliament**

For those that have food, there are many problems but for those that haven't there is only one. Multifunctionality has been mentioned a number of times and I would like to ask Mr Joseph Daul if he could explain to the group here what exactly is meant by multifunctionality and then perhaps people might do something to support it.

The Sugar Protocol has now been in place for thirty years and has helped a lot of ACP and LDC countries to develop and has been extremely successful. The negotiations are ongoing and I believe we need to take into account those LDC and ACP countries as part of the sugar negotiations. It has worked well in so far as the money has gone to the very people who need it. Obviously Brazil and people like Coca-Cola, multinationals, who would get it a lot cheaper, would be the main beneficiaries of an opening up of the market,

Finally, it is a shame that we do not have somebody from the United States on the top table. When it comes to negotiating with the Americans, it always seems to me, that they seem to say, "let us open up the markets to free trade, but at the same time, we are not taking your products into the United States". Whereas the European Union, under Fischler's reform package, has done exactly the opposite. Quoting two figures: imports under GSP (General System of Preferences) into the European Union in 2002 were €56 billion, into the US, it was €19 billion. Therefore, do not always knock the European Union. We are working to open up our markets and Fischler's reform package was brilliant in creating the opportunities. We do have a problem as has been mentioned, export restitutions. These are the problems that we face in the future. In the European Union we have had a number of food scares so therefore, we want high

quality, safe food and we will accept food from almost anywhere in the world providing it meets our safety and other standards.

**Mr Jean Bizet - France**

My question is really an open thought taking up Mr Joseph Daul's statement regarding geographical labels of origin. This is at the very heart of the debate of agriculture and agri-business and the specific features thereof. It is for a better sharing of benefits for farmers and I do not think that this discussion should be seen as a frontal opposition to brands and patents but as complimentary thereto. Geographical indicators of origin is a key for society to accept globalisation, given that geographical origin labels enable people to understand what is happening. It is also a key to the multifunctional nature of agriculture through for its very relevant effect on regional planning. Therefore, globalisation should not be made uniform or standardised. It should be enriching of our respective differences. The European position is well balanced and I would urge European companies to support the EU through notifications of origin, which would have at least an information value and hopefully a legal value as well.

**Mr Dharmendra Pradhan - India**

Like any other developing country, the prime concern of India is agriculture. Agriculture is the second largest contributor to the national GDP of India. Experience has shown that developing countries' share of the export market for agricultural commodities has come down because of distortions of international trade resulting from increased domestic support and export subsidies in developed countries. In the ongoing process of negotiations on agricultural market access, India considers it important that export subsidies are done away with which will not only facilitate the accessibility of the international market to developing countries like India but also help their agricultural sector grow. I would like to request that there should be a deadline for reducing subsidies.

**Mr Abdelwahab Osman - Sudan**

What are the benefits developing countries gain by entering the WTO since there are barriers in the markets? Thanks to the July initiative, there is great hope that agricultural subsidies will be removed and that problems related to cotton will be solved. We, as an African country, are among the cotton producing countries. There is a measure of happiness in a number of countries, which are heavily agriculturally based, because of the hope that future discussion will lead to the opening up of markets and the removal of barriers. I am very pleased with the sugar initiative, which benefits Sudan, as we are a sugar producing country. However, I also wonder what is happening in the former Soviet bloc countries, which are moving from centralised economies to a market based economy. These countries have received technical assistance and assistance in capacity building. A number of African countries, and among them Sudan, have moved from a controlled, centralised economy to a more liberal economy and have gone through the first phase. This first phase led to high levels of unemployment and poverty.

The World Trade Organisation, the EU, the United States and Japan must pay attention to this. The Berlin Wall fell in 1989 and many of the previous Soviet bloc countries benefited from assistance and I think that many African and other countries are carrying out reforms and need to receive similar assistance from the international community so as to be able to accede to the WTO. If we do not work towards opening up the markets, if we do not receive technical assistance, then many agricultural based countries will move towards other fields such as oil and minerals. Therefore, we hope we will receive assistance in developing exports so that we will have a fair chance of entering the World Trade Organisation.

**Mr Luis Heber - Uruguay**

This is the most important conference of our Inter-Parliamentary system. We did not come here to be a subject to anybody else. We have had presentations from Ambassadors, from the WTO, from a Commissioner of the European Union, but I think we have to ask ourselves the question of whether anyone here can find points of convergence between Members of Parliaments because the WTO represents the executive powers, represents the governments and therefore is not so broadly representative of the peoples of the world. The peoples of the world are better represented in the Inter-Parliamentary Union. We regret the fact that the IPU does not include the United States because they clearly have a major impact on development and world trade. However, rather than just deploring this, we should also bear in mind that there are Europeans here in this assembly who are criticising European protectionism, who are questioning European tariff protection and the indirect subsidies granted by the European Union. Therefore, I think it is going to be possible for us to make headway in understanding amongst parliamentarians so that there is a possibility of creating the climate of understanding that will make it possible for our farmers to compete with farmers from other parts of the world and not find our Treasury departments in competition with one another throughout the world. We have competitive products in Uruguay, in Latin America, products that can compete with products from anywhere in the world. What we cannot compete with is the Treasury department of the United States and the kind of subsidies that

the European Union can afford to give its farmers. There, we are not able to keep up and thus we are going to fail in that race. It is important for us to seize this opportunity to make progress in finding points of understanding with our colleagues from Europe who are beginning to question this European protectionist policy and who are prepared to ensure that their farmers can compete fairly with the farmers from the rest of the world.

**Mr Stéphane Le Foll - European Parliament**

Is the WTO trying to ensure competition between all countries in agriculture? Should we be introducing limits? You have land laws, climate, and soil. No one is ever going to have an advantage in all of these things therefore you need to approach this cautiously and I would like to launch an appeal. You can start out on the wrong path, we have to beware of doing this and I would very much like to see that export subsidies be eliminated, that they be dismantled, but on one condition, namely that we can together establish the principles on which to base ourselves for the future and see how trade should be organised.

There are two main principles. Firstly, we cannot consider agriculture as something where no rules at all are applied. There is a need to have some regulation for market access and production. Secondly, regarding comparative advantage, we cannot carry on allowing competition and production whilst not taking account of protection in some areas and doing so in others. We have to bear in mind the importance of social progress and the social dimension.

**Mr Jimmy N. Angwenyi - Kenya**

Regarding agricultural commodities, we are all aware that the cost of farm inputs as well as machinery has increased ten times in the last ten to fifteen years. However, the price paid to farmers for the agricultural produces has remained stationary at best and at times has declined. I want to give an example of a coffee farmer in Kenya. In 1990, a coffee farmer in Kenya used to buy a tractor for US\$5,000. Today the same tractor costs him US\$70,000. At that time, the same farmer used to buy a 50kg bag of fertiliser for US\$5. Today, it costs him US\$25 to buy that bag. At that time the cost of fuel was 10 US cents per litre. Today it is US\$1 per litre. The price of coffee in the world market at that time was 20 US cents. Today it is US\$2.5. That farmer today, and I am one of those coffee farmers in Kenya, we used to receive at that time 10 US cents per kg of coffee produced. Today we still receive 10 US cents per kg of coffee produced. You can see that the costs of inputs have increased tenfold but the price that we actually receive as farmers has remained stationary. Therefore, we are actually producing at a loss and we are increasing our state of poverty. My question is directed to Mr Joseph Daul. Can the WTO develop a mechanism to guarantee a minimum return to the coffee farmer or another farmer, maybe 20 percent of the world price of that commodity? If that were to be done, for example for the Kenyan coffee, we would be receiving 50 US cents instead of 10 cents today and that would free us from the shackles of poverty.

**Dr Mustafa Shnakat - Jordan**

As a member of the People's Assembly in Jordan I am very much aware of the suffering of the Jordanian people and the difficult conditions they live in and therefore we have increased expectations in developing resources. However, the main obstacle we face in the region is political arrogance, which uses force to protect the interests of certain sides and therefore state terrorism. Mentioning specifically the American occupation of Iraq and the Israeli occupation of Palestinian land. Jordan lives between these two occupations, which destroys the human factor and also destroys infrastructure and agriculture. Therefore the main question which can be asked is how can the World Trade Organisation agreements move forward in the midst of these conditions facing the Middle East specifically and the world in more general terms? How can we improve the conditions of the poor countries in the midst of globalisation? I would like to insist upon the role of Parliaments and politicians in facilitating negotiations in order to take account of the societal dimension.

**Mr Enrique Barón Crespo - European Parliament**

I would like to touch on the issue of the multifunctional nature of agriculture, linked to the basic principle of democracy. In Europe, we are now in the process of reforming agricultural policy but we must not forget that democratic countries have to answer to people. We have to answer to our voters and this is something we very much have to take into account when it comes to taking decisions on such an important question as agricultural policy. Moreover, we are extremely sensitive to all the arguments that our colleagues from other parts of the world have been putting forward. However, when we start talking about the non-trade aspects of agriculture, we must take our voter consensus into account too. The link between agriculture and the Millennium Agenda is crucial and is of the utmost importance. There are no famines in democracies, that is something we must bear in mind, particularly when we look at the current situation in the world. We must take into consideration in our discussions and in our debates, including in the WTO, the Millennium Agenda. It is of fundamental

importance if we are to take on board the situation of the least developed countries.

**Mr Dinesh Trivedi - India**

The prime concern of India is agriculture, the protection of the livelihood of nearly six hundred and fifty million people who are dependent on agriculture in India. In a country like India, food security cannot be ensured without livelihood security. Pre and post Doha, the tenor of the negotiation, perhaps leaves a feeling that the sole objective is to open up the markets of major developing countries. If this kind of feeling is not dispelled, it would be very difficult for countries like India to make meaningful compromises necessary to reach any kind of agreement. These feelings can only be dispelled by agreeing to address domestic support in all three boxes, addressing the elimination of all types of export subsidies, provisions of meaningful, special and differential treatment for the developing countries and lastly, providing meaningful market access for the developing countries.

**Ms Michaele Hustedt - Germany**

Indubitably, if we do not have progress in agriculture, we will not be able to get anywhere with the Doha Round. My question is whether renewable sources and sustainable production should not be emphasised to a greater extent. You can produce oils, ethanol and fuels through agriculture; therefore the farmer may become tomorrow's oil sheikh. Is there not the possibility of a compromise within the WTO, if we incorporate the concept of renewable sources and sustainable production? This would more likely give a fair share to all those concerned, and with the rise in the price of oil, I think all countries, developing or developed, have an equal stake in reducing dependence on oil, on actual crude oil and drawing more from agriculture. I am wondering whether we could perhaps include this concept in our final declaration because it would mean less dependency on oil and also a greater possibility of compromise and finding a happy solution for everyone.

**Mr Deep Ford - Food and Agriculture Organisation of the UN (FAO)**

The FAO is engaged in the trade negotiation process in terms of supporting member states to prepare and participate in these activities. In the Framework Agreement and within the WTO process there are three groups of countries that are categorised. The developed, the developing and the least developed and there is a fear that some countries may fall through the cracks and some countries may have reversals. My first question is for the European parliamentarian. With regard to the sugar protocol, how, within the WTO framework and EU framework, will the commitments of the Cotonou Agreement be met so that small, weaker developing countries will not be losers in this liberalisation process as seems to be the case to date? Secondly, the Japanese panellist made reference to the possibility that the exporting countries may be benefiting from this process, increasing their imports from developing countries and this may perhaps be some kind of compensation for the losers. I am seeking clarification on that.

**Dr Caroline Lucas - European Parliament**

I agree strongly with those colleagues who have said that agriculture is not like any other trade commodity, it is something different. Access to food is a basic human right and therefore the rules governing trade in agricultural goods should be different from other trade rules. They have to be designed to enable countries to protect their own basic

food security. If that means, in certain circumstances, we need to keep tariffs and quotas, particularly in developing countries, then I believe there are some circumstances in which that is both an acceptable and appropriate thing to do. However, I certainly agree that we should get rid of export subsidies as soon as possible, without conditions. The idea has previously been eloquently expressed that export subsidies are completely unjustifiable and, for some in poorer countries, they are literally a matter of life and death. Let us not forget the South Korean farmer, Lee Kyung Hae, who killed himself at the Cancún Ministerial Meeting in 2003. The dilemma he spoke about before his death was one that is widely shared in many developing countries, that the dumping of food exports destroys livelihoods and lives.

All too often, it is not the poorest farmers who are necessarily benefiting from this export-led strategy. There is a role for trade in tackling poverty. However, it has to be fair trade. Let us not over-estimate and over-state the role that trade can play. I appreciate for many here that is not the consensus, not the traditional view. However, it seems that when we are looking at more trade in agriculture and trade liberalisation, we can actually see many dis-benefits of that strategy, both in terms of not reducing poverty in those countries for the poorest people and in not securing their livelihoods. Therefore, we should endorse the proposal for a development box in agricultural agreements for some of the poorest countries that are struggling to support their own agricultural sector in the face of unfair competition from richer countries.

**Mr Javier Sandoval Baquerizo - Equator**

Located centrally in Latin America, we are one of the developing countries that have permanently been calling for closer links between countries in the world to achieve the development objective. This forum is a way to achieve world integration, to work together, not just to create peace as that is the objective of the United Nations, but to achieve development, above all in the field of agriculture. We need to get rid of export subsidies for agricultural products, to reduce domestic subsidies, which distort agricultural trade, and we need to extend and open up markets to developing countries and to reduce tariff and non-tariff barriers so that our countries can compete on an equal footing. We hope that we can use this forum to highlight and draw attention to what we feel is happening.

Generally speaking, when final resolutions in this kind of forum are adopted, we feel that it is almost obligatory to accept them, even if we do not fully agree with everything. We feel that the rules of the game are being imposed on us. It has been said that it is not important to dwell on questions of labour law or social policy when dealing with trade, that it is an issue for the ILO. Nevertheless, we believe that our countries can have competitive advantage vis-à-vis developed countries. Therefore, labour laws and social policy ought to make it possible for us to continue to compete to have good services and maintain a competitive edge. We believe we have to speed up the complete dismantling of subsidies and not apply a set of 'one size fits all' policy because we do not all have the same economic and social reality.

We have heard a lot of concerns from the developed countries but we do not necessarily have the same concerns. We are in the majority in the developing countries and we will continue to pursue our aspirations. We will try to push our ideas forward. What is the value of the declaration if resolutions can be simply vetoed as they are in the United Nations Security Council by a small minority? One of the policies that the WTO must adopt, apart from checking whether developing countries are applying full competition, is to make sure that anti-dumping measures are being applied. They also need to ensure that we can reduce the cost of production so that we can raise production to combat poverty and foster development through practices that we hope can be conducted by the WTO for the benefit of the whole world in order to obtain fair and equitable development.

**Mr Jean-Claude Martinez - European Parliament**

We are representing farmers throughout the world. You have the north-south divide; you have the 25,000 cotton producers in the US versus African producers or Asian poultry producers from the east against those in the west. There are Pacific bananas versus bananas from Costa Rica and the rest of Central America. There is the forty years war between the EU and the USA on oil seeds, hormones, and Californian wine. When China runs out of land because of development and when they become the main world power, they are going to have a GDP which will be hugely superior to that of the USA today. Surely, at that point in the future, farmers will be the people of the day, the people of the future. Therefore, it will not work to oppose farmers from one area or another.

## CONCLUDING REMARKS

### Mr Boureima Gado - Niger

I am going to try and field a number of the questions raised and tackle certain issues where I think it might be useful for me to provide some input from my own point of view. Mr Paul Crête referred to deterioration in the terms of trade. Under the various agreements within the WTO, it might be possible to make sure that the different members would be better placed to cope with an evolving situation. It is important to be able to take stock from time to time and I think the Doha programme is very well suited to that purpose. The programme has been well drafted and there are precise time limits. Unfortunately, not that much has materialised. However, the consistent line is to constantly take stock to be able to take the next step forward. Opening up should be an opportunity for our countries. However, those countries suffering from deterioration in the terms of trade are more concerned and possibly pushing harder which I think that is fair enough. It is important that the developing countries realise that they should get involved rather opting to keep a low profile, with a belief that it is for the big countries to deal with. The implications of international trade are going to fall on everybody, be they importer or exporter. Therefore, in that respect, it is important that everybody gets involved.

Regarding Genetically Modified Organisms (GMOs). As far as my country is concerned, on whether the use of GMOs by the USA is a good thing, we are keeping an eye on the situation. However, we believe that it is important to see all facets of the question. We do not know whether fears are justified or not because we have no solid evidence. Are we not able to produce sufficiently in our countries without using GMOs? We should be able to trade in healthy products, products where we do not have to have any sort of fear about what the implications might be when we consume them. Therefore, the question remains how to approach this so we can make use of advances in science and technology but also to meet the need, which is there, to have security of food supply.

As far as free trade is concerned, there are obviously advantages to these treaties, whether they are bilateral or multilateral. However, we believe agreements within the WTO give more consistency, coherence and harmony and help us to advance in the field of international trade.

Moving on to the general question of production and subsidies for farm products. There are some glaring contradictions in international trade. Japan imports sixty percent of its farm produce but Japan provides aid, rice for example, to Niger under our co-operation agreement. This Japanese rice is then sold so that we can earn money which is used for agricultural projects. However, the point is that there are problems because the support project for Niger, run by the EU, clash with the fact that this rice is available on the market, for sale in Niger. Therefore, on the one hand, the aid comes as rice from Japan. On the other hand, a different form of aid from the EU is blocked as a result and this sort of thing needs to be sorted out. Members of Parliament need to be communicating in the interests of all our people at home so that we can proceed with partnership agreements that will be in the interest of all sides.

Finishing with a few points. Firstly, regarding NEPAD, which has been mentioned, the new partnership for development in Africa. The idea is to have different national and international players involved to help the development of African countries. It is important that under the various agreements, African countries stop constantly asking for money. It is important that we get to stand on our own feet and that we can build up our own resources. It is very much in our interests to find a solution to that specific problem.

Finally, the Millennium objectives for development are very important, especially for us as Members of Parliament. In most of our countries, we have today a strategy to reduce poverty that is followed by the World Bank in particular. However these strategies very often are not even presented within our Parliaments to obtain approval. We should not deal with the Millennium objectives for development on the one hand, whilst on the other, looking to the WTO agreements and seeing them in isolation as being something completely separate. Therefore, those are important issues where we, as Members of Parliament, have to look to the Millennium objective for development to find how all of these things can be incorporated with what the WTO is doing because there are a large number of agreements, there is legislation, there are regulations. All of these things need to be fitted together.



From left: Mr Daul, Mr Wakabayashi, Ms Matthei Fornet,  
Mr Páez Verdugo, Mr Johnsson, Mr Gado

### **Mr Joseph Daul - European Parliament**

Speaking on behalf of the European Parliament's Agricultural Committee would take me beyond the time available therefore I will just speak personally.

Firstly, the reference to renewable energies, the point is quite right. With the oil situation throughout the world, over the next five years we are going to be speaking a lot more about renewable energies from agricultural production. The Agricultural and Rural Development Committee will be coming up with an own-initiative report on the subject over the next few months.

Secondly, there has been a lot of talk about food safety. With multifunctionality and food safety, a lot of people are saying that this is a problem for rich Europeans. I do grant you that but this is actually the problem arising for our consumers, for our producers and for Europe's society. We have been elected and we must bear in mind events around us. Once you are elected representatives you must know what the situation is without trying to impose your view. A few points on multifunctionality and food safety.

Let us not make the mistakes that were made between the 1960s and 1980s in terms of soil pollution. Avoid doing that in developing countries and in countries where you are simply going for production, production and production. You can produce the same amount bearing in mind the environment, the soil and the air. This is an appeal to you and not something we are trying to delude you with. Europe made efforts in July with the Framework Agreement in the WTO, we have reformed the CAP. Our citizens criticised us because we reformed before the debate in the WTO. We were told that this was not normal that we were going to make a big effort which would not be recognised and that we would have to do even more in our countryside after the reform. In the European institutions, we showed the courage to reform our farming along the right lines and, as someone said, dismantling export subsidies is something that this House has voted for. Of course the talks are not yet over and I am not going to give a final date for it.

Coming to my African friends, you raised the real matters. Previously, I simply referred to cotton and sugar and I will conclude on sugar. You have to understand that Europe for once is not to blame for coffee and cotton. The very liberal system of subsidies from elsewhere cannot work. To reply to the person who referred to the coffee price going back to producers, what about consumers wanting coffee? We are talking about marketing and consumption and consumers are involved in this change as well. Everyone has to get a living and find a balance. This is the thinking in the WTO, even if it is not there at the moment and those are the lines we have to think on to make headway.

It has also been mentioned that we need to process products and regulate. If one cannot collect and process produce, one cannot work against international famine and local produce has to go straight to citizens. African citizens are far too much focused on towns and cities. This is a duty we have in helping people to bring produce to the consumer rather than buying abroad to give food to people in their cities. This is a general policy point for African countries.

Focussing on sugar, I am pleased that people have raised the sugar dossier, not just as a European problem. It is an international problem. Within the European Parliament we are hearing various international experts on the sugar problem. We will look at the dossier carefully to try and keep a decent balance in Europe but also with ACP countries in respect of the Cotonou Agreement. We want to keep this balance struck in Europe and internationally. If we can do this, if we can find a good balance for sugar, this could spark off good events for other products involved in the international food chain. This is the ambition of the Agricultural Committee and for the European Parliament.

Concluding, I am always pleased to defend farm production in Europe. It is around the Common Agricultural Policy that Europe was built. It is because of the CAP that sixty years of peace have been shaped. Our jobs here as elected members is to make sure that this balance works to the well being of all consumers and all citizens throughout the world and this is my aim.

**Mr Masatoshi Wakabayashi - Japan**

From different positions there were many opinions raised. Agriculture is not just an industry to produce food. Each state's safety, culture, history or social stability is embedded in agriculture and I was able to learn that from different perspectives. I have classified the opinions raised into three segments.

Firstly, as the Indian representative stated, in India there are many micro farmers and many of these are supporting the society, supporting social security, supporting the safety of society. Another Italian representative from a different position talked about agriculture, that it is related to the sovereignty of a state. In my presentation, the poor as well as the rich countries would need to secure a certain level of food and provide food to their nationals. Therefore, each country needs to enjoy co-existence of diverse types of agriculture. That should be the fundamental philosophy. It is important to liberalise trade of agricultural products and expand exports. However, this will not guarantee the prosperity of the developing nations. It should be linked with the Millennium Development Goals in a specific and sure manner and also closely linked to the strategy of the developing nations to reduce poverty.

Regarding development aid to expand agricultural production, there are organisations such as the World Bank, the IMF, as well as the agricultural technical centres worldwide and the FAO who exist to support this endeavour. These organisations and the WTO should separate out the rules and responsibilities. The WTO could relate to such international organisations. There are different agricultural development programmes developed in each region and country, thus, the WTO could link to that talk about technical assistance co-operation and supporting aid.

Secondly, 2004 is International Rice year set by the UN. The rice researchers from Japan, Asia and Africa have got together to hold a symposium. The US and the Japanese researchers have developed a new type of rice which does not need much water. West Africa and other African regions are developing this new type of rice. This would provide positive impacts to the self-sufficiency of states, not just in Africa but around the world.

On the third point, the WTO has set a deadline to eliminate export subsidies for food exporting countries amongst the developed nations. As for domestic aid, the trade distorting domestic support should be reduced and that has been prescribed by the WTO. Exporting developed nations, depending on the export level, should have some kind of an obligation to accept a certain level of imports from developing countries. That is the sort of proposal that I have come up with. It is a new idea and therefore as regards the concrete mechanism, we really have to get our ideas together and discuss.

I would like to emphasise that developed nations are criticised for domestic subsidies. Yes, sometimes there are criticisms that they are excessive but looking at, for example, the situation of Japan, where there is only a 40 percent self sufficiency ratio, we are a net importer of agricultural produce and we would like at least to get the self sufficiency ratio to 50 percent. Our country's subsidies are of completely different nature to those of exporting countries and that is the understanding that we would like you to have. Subsidies in developed countries which are agricultural exporters truly pressurises the developing nations because they undermine their capabilities. With regard to developed nations who are importers, subsidies would not be so trade distorting and so we should separate that. We have to separate and differentiate the two within the WTO negotiations.

**Senator Evelyn Matthei Fornet - Chile**

We have heard a lot about, and understand the desire for food safety, about the need for healthy food, about the need preserve a rural way of life, about a desire to preserve ecodiversity. However, frankly, I would like to point out that many of these arguments that refer to the so-called multifunctionality of agriculture really smell of new and different arguments in favour of the same old protection. Chile had a fair share of the market of canned peaches in Mexico. However, heavily subsidised European canned peaches displaced our export. Jobs were lost and investments were lost

in Chile. What have heavily subsidised canned peach exports to Mexico to do with food safety or the need for healthy food or the maintaining of wide ecodiversity? Nothing.

We hear that the European Community is considering the possibility of imposing safeguards on the import of salmon. Why? Because Norwegian imports have been found to be dumped. The proper measure would be to adopt measures that would affect imports from Norway only. Instead, a few European countries have asked for safeguards, which would help their producers but would hurt Chilean jobs and investments. Again, it all smells of protection. We truly appreciate some steps taken by Europe. We welcome the reform of the European Union's Common Agricultural Policy that is to take place starting in 2005. It is an important, although insufficient, step in the right direction, which makes an agreement in the WTO easier to visualise.

Developed countries usually ask for easier trade of services, of industrial goods. They usually ask for protection of intellectual property. That is all good. However, it is not fair for developed countries to push for the aspects that benefit them and not to push for the aspects that benefit others. We fear that the arguments for multifunctionality are just another way of defending different sorts of subsidies for agriculture.

The development of agriculture is the only way many countries have of participating in international trade; they have no other way. It is the only way they have to create jobs; it is the only way to escape from horrid poverty. We expect the developed countries, Europe, the United States, and Japan, to realise this and to take steps that will enable the less developed countries to develop their agriculture.

Let me remind you that the trade distorting subsidies, granted by OECD countries to a privileged minority of their population engaged in farming, outstrip the development aid granted by those countries by a factor of six to one. Let us not forget that most of the world's poor earn their living in agriculture. A remark made by a Member of the European Parliament, was that in democracies there is no widespread hunger. However, I would like to word it in another way. If there is widespread hunger, democracy is hardly possible and the widespread protection of agriculture in developed countries causes hunger in many countries. Therefore, it is not only hunger and poverty, it is also democracy that is at stake here.

We make an appeal for the development of trade in agriculture. We realise that, for elected parliamentarians, it is not easy to confront constituencies that face the loss of privileges. However, we think that the extremely poor people of less developed countries deserve a chance. We really hope that this July Agreement will be followed through and will help less developed countries to rise out of poverty.

## **Trade in Services from a Development Perspective**

**Discussion Paper delivered by  
Mr Rupchand Pal (India)**

The General Agreement on Trade in Services is the first and only set of multilateral rules governing international Trade in Services. In the backdrop of huge and fast growth of the economy over the past three decades and tremendous potential gains from trade in services brought about by the communications and digital revolution by this time GATS has been established with the objective of expansion and progressive liberalisation of such trade as a means of promoting economic growth of all trading partners and further growth in developing country.

The General Agreement on Trade in Services has assumed great importance both in the Doha and post-Doha negotiations.

Services as such represent about 60% of Global output and about one third of Global Employment and are about a fifth of Global trade.

Liberalization of Trade in Services opens possibility to strengthen essential domestic services for export competitiveness.

After the Uruguay round, negotiations on Trade in Services officially started early 2000 under the council for Trade in Services established for negotiating guidelines and procedures.

The Doha Declaration reaffirms negotiating guidelines and procedures and set up time table including a deadline for concluding the part of 'a single undertaking' by 1 January 2005.

In the emerging international economic environment, Services is assuming a crucial role in global trade. There are tremendous potential gains for both developed and developing countries in a successful round of negotiations.

Countries like India with strong stakes in the Trade in Services are committed to a successful conclusion of the negotiations. They have strong competitive advantages in Services.

For countries like India cross border supply Service (Mode 1) and Movement of Natural Persons (Mode IV) have assumed great significance, given the availability of technology, skilled labour and the cost differentials between developed and developing countries. India expects greater commitments in Mode IV from the developed countries ensuring easier access for movement of natural persons particularly skilled professionals and facilitating increased provisions of remote services through electronic means. Related issues such as recognition of qualifications and standards, economic needs tests (ENTS), administrative procedures relating to visas (like number of days required for grant of visa, some transparency in the matter, reply for rejection of visa, etc.), mutual recognition agreements (MRAS), Social Security contributions etc., need to be addressed in the current negotiations.

In keeping with this avowed objective WTO members are bringing about progressive liberalization in trade in services and increasing the participation of developing countries in the world trade. All members must work together to enable service providers to supply services in overseas markets either from remote locations (Mode I) or through the temporary movement of service personnel (Mode IV).

The General Agreement on Trade in Services and the Guidelines and Procedures for Negotiations make reference to the need to facilitate the increasing participation of developing countries in trade in services and the expansion of their services exports.

It is in keeping with this objective that special flexibility has been provided for developing and least developed countries in undertaking specific commitment and the special attention is mandated for the sectors and modes of supply of export interests to developing countries. This aspect needs to be addressed adequately if the shared objective of development for all is to be achieved.

The General Agreement on Trade in Services (GATS) provides a high degree of flexibility both within the framework of rules and also in terms of commitments.

The General obligation and discipline covers areas like Banking, Tele-communications, Tourism, Professional services, etc., and four ways (Modes) of trade in services have been defined i.e. Cross Borders supply (Mode I), Consumption abroad (Mode II), commercial presence including through branches, etc. (Mode III) and Movement of Natural persons (Mode IV), i.e. individual travelling from their own country to supply services to another. The Most Favoured Nation

concept is part of all services. Bilateral negotiations form and influence negotiations in general and those agreed to bilaterally are multilateralised later.

The market access commitment and market access limitation are also discussed and incorporated in the services provision of the agreements.

GATS require sufficient transparency in domestic regulations, since they are significant in exercising control over supply of Services.

GATS say that Government should regulate the services reasonably, objectively and impartially.

Negotiations to further liberalize in trade in services started in early 2000 as mandated in GATS (Article 19) and as per Doha 'Framework of Agreement' expected to be concluded before January 2005.

In order to successfully meet the core objective of the WTO to bring about progressive liberalization in trade in services all Members need to work together.

The basic goal and philosophy behind the GATS and the guidelines and procedures for negotiations underscore the need to facilitate the increasing participation of developing countries in trade in services and the expansion of their services exports.

Services have already emerged as a major area of comparative advantage for developing countries. Movement of natural persons Mode IV is of substantial benefit to developing countries like India.

In a 'Framework of Agreement' adopted by the General Council of WTO on 1 August 2004 at Geneva it was decided to conclude the negotiations in respect of agricultural, non-agricultural market access, progress on service negotiations and other issues mentioned in the Doha Declaration.

Let us all look forward to a successful conclusion of the above negotiations in the interest of both developing and developed countries.

**Discussion Paper delivered by  
Ms Ann McKechin (United Kingdom)**

The WTO has evolved trade principles such as non-discrimination, most favoured nation and national treatment, which were correctly derived in the context of trade in goods, but there is no clear evidence or political consensus that the application of those same principles to areas other than trade in goods will lead to positive development outcomes. Just about every developed country expanded initially on the basis of special treatment for its own industries and Government procurement. The benefits of investment and procurement liberalisation are not likely to outweigh the disadvantages unless there is sufficient strength within the domestic economy itself and sufficient capacity to regulate foreign investment and adequately to enforce that regulation.

Should the WTO change its GATS agreements to ensure that development priorities are integral to the processes' mechanisms? Should the focus change from seeking to prevent "trade distorting measures" to incorporate an over-riding requirement that measures should not be "development distorting" and respect human rights to food, shelter and employment?

How can freer regulation to permit Foreign Direct Investment (FDI) be balanced against a nation's wish to achieve growth in its own domestic industries?

**Discussion Paper delivered by  
Mr Ibikunle Amosun (Nigeria)**

The GATS or General Agreement on Trade in Services applies to measures by Members of the WTO affecting trade in services. The increasing participation of developing countries in trade in services and the expansion of their services export through, inter alia, the strengthening of their domestic services capacity and its efficiency is underscored in the Agreement.

There are four modes of supply of services namely;

- (i) Mode 1: Cross border supply
- (ii) Mode 2: Consumption abroad

- (iii) Mode 3: Commercial presence
- (iv) Mode 4: Movement of natural persons

Among the four modes of supply of services listed above, developing countries have comparative advantage in mode 4. Unfortunately, developed countries have tied movement in this mode to commercial presence and as such, developing countries have not been able to reap any benefits from their comparative advantage in this mode.

### **PROGRESSIVE LIBERALISATION**

The GATS has been acknowledged as being development friendly because of the concept or principle of progressive liberalisation. Article XIX of the GATS calls for achieving progressive higher liberalisation and promoting the interests of all participants on a mutually advantageous basis and to securing an overall balance of rights and obligations. The mandate further states that negotiations shall take due regard for national policy objectives and the level of development of individual members, both overall and in individual sectors. It also states that there shall be appropriate flexibility for individual developing countries for opening fewer sectors, liberalising fewer types of market transactions, progressively extending market access in line with their development situation and flexibility of attaching market access conditions to foreign service suppliers. So the GATS is supposed to be development friendly to all, especially developing countries.

### **DEVELOPMENT PERSPECTIVES**

The GATS is supposed to be development friendly and developed countries are expected in the course of the negotiations to take measures to promote the participation of developing countries by, among others, opening up sectors and modes of supply of export interests to developing countries. The situation unfortunately is not encouraging and sectors and modes of supply of export interests to developing countries including mode 4 have not been opened-up. This has created a situation where developing countries are not fully participating in services trade and not reaping much benefits from it. This has to be addressed in the current round of services negotiations at the WTO.

### **CONDITIONS/MEASURES TO PROMOTE THE PARTICIPATION OF DEVELOPING COUNTRIES IN TRADE IN SERVICES**

There are some conditions that in my view could promote the participation of developing countries in services trade namely;

- (i) Opening of sectors and modes of supply of export interests to developing countries by the developed countries;
- (ii) Provision of targeted technical assistance to address some of the capacity constraints facing many developing countries in trade in services;
- (iii) Assisting developing countries in the preparations of their Initial Offers and Revised Offers;
- (iv) Any recommendations from the Services Council of the WTO (CTS) to the TNC, General Council and the Sixth Ministerial Conference should contain concrete measures to assist developing countries in participation on trade in services;
- (v) The pace of negotiations on services in WTO should be managed in such a way to take into account the needs and constraints of developing countries;
- (vi) There should be balance between market access and rule making components of the negotiations in WTO;
- (vii) The problem of subsidy accorded to some service suppliers by the developed countries can be an obstacle in achieving a level playing field between service suppliers from developed and developing countries. This has to be addressed in the negotiations under rule making on subsidies;
- (viii) Emergency Safeguards should also be developed in the negotiations to provide safety valves or nets by developing countries to deal with high influx in services provided by developed service suppliers or to deal with threat or material injury to domestic service industry;
- (ix) Exploring the possibility of having or developing a GATS visa to deal with visa and other administrative problems facing movement of natural persons to provide their services across national borders. There is also the need for closer cooperation between trade and immigration authorities;
- (x) There is also the need to have in place Mutual Recognition Agreements (MRAs) regarding qualifications and standards which can serve as obstacles to trade in services;

- (xi) The need to conduct studies on the impact of liberalisation undertaken by developing countries to assess the impact of past liberalisation and the need for additional ones. I am of the view that taking these measures could make GATS more development friendly and enhance more benefits for developing countries.

**Discussion Paper delivered by  
Ms Paddy Torsney (Canada)**

Improved market access for services providers can be an important tool for economic growth; developing countries therefore have much to gain from the services negotiations under the WTO's Doha Development Agenda

**Services and developing countries**

Services have become a major source of economic activities in countries at various stages of development. On average, services accounted for 52% of GDP in developing countries in 2001. (UNCTAD World Investment Report 2004)

In 2003, the value of commercial services exports and imports totalled \$1.8 trillion each, an expansion of 13% from the previous year. Among the world's leading exporters and importers of commercial services were developing countries such as India, South Africa, Mexico, Malaysia, Thailand, and Indonesia. (International Trade Statistics, 2004)

The structure of foreign direct investment (FDI) has shifted towards services, accounting for 60% of world FDI stock in 2002 and 2/3 of total FDI inflows during 2001-2002. As many services are not tradeable on a cross-border basis, FDI is an important way by which services can be produced and consumed in foreign markets. The share of developing countries in global outward FDI in services climbed to 10% in 2002. Developing countries now account for 25% of inward FDI stock in services. (UNCTAD World Investment Report 2004)

**The GATS and Developing Countries**

The General Agreement on Trade in Services (GATS) and ongoing multilateral trade negotiations in services are vital tools for opening markets and ensuring fair and equitable access for service providers.

Increasing the participation of developing countries in services trade is a key goal of the GATS. The agreement recognizes that liberalization is to take place with due respect for national policy objectives and the level of development of individual members.

GATS is development friendly as it allows for flexibility in scheduling – in line with their development situation, developing countries can target the services sectors of greatest interest to them when making commitments.

**In the Current Round**

Improved access to foreign markets will allow for economies of scale and employment generation. Increased domestic competition in services will encourage investment and lead to lower prices, wider selection, and better quality services for consumers and businesses.

Developing countries are engaged in the negotiations. From their requests, developing countries have indicated a particular interest in the temporary entry of service providers (Mode 4), professional services, and tourism. Many see commitments in Mode 4 as test of developed country commitment to the development round.

As negotiations proceed, more developing countries are recognizing that they have interests in all modes of supply. For example, interests in cross-border trade (including, for example, "outsourcing") can be served through commitments in Mode 1. Given their increased participation in FDI in services, Mode 3 commitments should also be of value.

There are still some key developing country service traders that have not submitted any offers to date. We encourage them to do so as their engagement is critical to advancing the negotiations.

**Canada, the GATS and Developing Countries**

Canada fully supports increasing the participation of developing and least-developed countries in the GATS negotiations. Issues and concerns related to development remain a priority for Canada.

Canada will give special consideration to any market access request received from developing and least-developed countries. Canada's initial GATS offer includes the three areas of interest to developing countries – Mode 4, professional services, and tourism. Meanwhile, Canada is making no requests for liberalization of least-developed countries during the current round of GATS negotiations.

Canada recognises the special economic situation and the capacity difficulties faced by developing countries and LDC members, especially when attempting to assess their own services economies in preparation for the GATS negotiations.

Canada continues to support developing countries in many ways, including through Trade Related Technical Assistance (TRTA). Canada made a practical TRTA contribution to the International Trade Centre in 2003 to assist developing countries with the GATS negotiations.

**Role of parliamentarians in advancing progress of negotiations**

Governments, parliamentarians and civil society must engage to shape the future we want in the current globalization environment, where greater integration and interdependence blur the traditional lines that separate domestic and international policy areas.

By engaging the citizenry, parliamentarians not only ensure that governments and international organizations' trade negotiations reflect the views and aspirations of global publics, but help create greater awareness of the challenges and opportunities of international trade.

Parliamentarians have a role to play in helping strengthen the understanding of, and the support for, ambition in the Doha round in general and in services negotiations in particular.

Parliamentarians can foster discussions on services trade liberalization and opening domestic markets to foreign competition.

Parliamentarians can continue to serve as an effective link between governments and citizens to ensure that any revised offer reflects domestic interests, while fostering a level of ambition that is key to a successful round of negotiations.

## Plenary Session: Trade in Services from a Development Perspective

**Mr Rupchand Pal**  
Member of Parliament, India



The topic of trade in services from a development perspective assumes immense significance in securing our collective objective of equitable development across the world. The General Agreement on Trade in Services (GATS) is the first and only set of multilateral rules governing international trade in services. With the backdrop of huge economic growth, over the past three decades there have been tremendous potential gains from trade in services brought about with a communications and digital revolution. GATS has been established with the objective of expansion and progressive liberalisation of such trade as a means of promoting economic growth for all trading partners including developing countries. The General Agreement on Trade in Services has assumed great importance, both in Doha and post-Doha negotiations. Services, represent approximately sixty percent of global output and approximately one third of global employment and no less than one fifth of global trade.

Liberalisation of trade in services opens the possibility to strengthen essential domestic services for export competitiveness.

After the Uruguay Round, negotiations on trade in services officially started. There are tremendous potential gains for both developed and developing countries in a successful Round of negotiations. Countries like India, with strong stakes in trade in services, are committed to a successful conclusion of the negotiations. Such countries have strong comparative advantages in services and cross-border supply services are of great importance. Movement of natural persons, that is Mode 4, has assumed great significance, given the availability of technology, skilled labour and cost differentials between the developed and developing countries. India expects greater commitments in Mode 4 from the developed countries, ensuring easier access for movement of natural persons, particularly skilled professionals, and in facilitating increased provisions of remote services by electronic means.

Related issues such as recognition of qualifications and standards, Economic Needs Tests (ENT), administrative procedures relating to visas, social security contributions and more need to be addressed in the current negotiations. All WTO members must work together to enable providers to supply services in overseas markets, either from remote locations or through the temporary movement of service personnel. The GATS and the guidelines and procedures for negotiations make reference to the need to facilitate the increasing participation of developing countries in trade in services and the expansion of their services exports.

It is in keeping with this objective that special flexibility has been provided for developing and least developed countries, in undertaking specific commitments. Special attention is mandated for the sectors and modes of supply of export interest to developing countries. This aspect needs to be addressed quickly if the shared objective of development for all is to be achieved. The General Agreement on Trade in Services provides a high degree of flexibility, both within the framework of rules and also in terms of commitments.

GATS require sufficient transparency in domestic regulations since they are significant in exercising control over supply of services. It states that governments should regulate the services reasonably, objectively and impartially. The basic goal and philosophy behind the GATS, and the guidelines and procedures for negotiations, underscore the need to facilitate the increasing participation of developing countries in trade in services and the expansion of their services exports. Let us all look forward to a successful conclusion of the negotiations in the interest of both developing and developed countries.

**Ms Ann McKechin**  
**Member of Parliament, United Kingdom**



Previously at this conference, Mr Peter Mandelson, European Union Trade Commissioner, stated that trade is very political. There is a great deal of distrust, if not outright hostility, towards multilateral economic institutions, such as the World Bank, the IMF and also the World Trade Organisation. This is evident, not only by the anti-globalisation protestors that we see regularly at every world conference, but in thousands of protest strikes and demonstrations in many developing nations. Against this context it is hardly surprising that there is still a low level of offers in the current Round of GATS. We as politicians, rather than the technocrats, need to address this lack of confidence and this lack of political trust and explore how it has emerged.

Firstly, we need to look at the conditions which are imposed, particularly on least developed countries, by the World Bank, the IMF, by bilateral donors and creditors, as well as requests made under the WTO negotiations. It is a combined effect of wealthy nations trying to place controls on poorer nations and that is political. A pattern has emerged of a significant number

of bad experiences in liberalisation, which has led to loss of jobs, lower economic growth and lack of confidence. As someone from the United Kingdom, where we are still trying to sort out the mess of our rail privatisation eight years after it occurred, we well know what the costs are if things go wrong. However, if you are already poor, you are less likely to take any further risks, you will be risk adverse. Some of the examples that we have seen are bad examples which people remember, as opposed to the good examples.

In Bolivia, a city decided to privatise its water supply. The company concerned raised water tariffs to such a level that it represented almost 20 percent of the income of the poorest citizens. They even made a charge for those people who dared to collect rainwater from their own roofs. This is a complete denial of basic human rights. The inevitable riot that followed and the loss of life and confidence in political leaders is hardly surprising.

In Senegal, there have been examples of success and failure. One success, which has been repeated in many other countries, is privatisation of the telecommunication companies. In Senegal, the telecommunication company was Sonatel. The majority of the shares are not held by one foreign direct investor, they are held by several investors, a quarter by the government and 10 percent by the company's employees. It has been a success. However, when it came to privatising the electricity company, Senelec, a pattern emerged which is quite familiar when it comes to power suppliers as opposed to telecommunication suppliers. There are many and varied telecommunication investors, but relatively few companies to choose from when it comes to power supplies. This leads to long term contracts, often up to thirty years, with very restrictive terms, often requiring financial incentives. Senelec paid over \$15 million for voluntary redundancies or retirements. Yet it had to rehire some of the same workers post-privatisation. Due to the lack of investment, the high cost of external consultants, expensive national expertise and the power outages suffered between 1999 to 2000, Senegal estimates that this privatisation led directly to an almost 2 percent decline in its GDP. They then had to buy out the company and put it back into the public sector at a cost of \$62 million. In Senegal, with the exception of the telecommunications company, none of the privatisations to date have benefited its citizens.

The loss of political and economic control for the least developed countries has to be taken into account. The G90 nations, on the whole, do not have any domestic large services companies as opposed to India or to countries such as Brazil or China. Therefore, they do not benefit from the spin-offs in the same way; they are not able to use this investment for economic growth or for growth in jobs. The lack of capacity either to regulate or to enforce regulations has led to a poor negotiating position. The benefits of investment and procurement liberalisation are not likely to outweigh the disadvantages unless there is sufficient strength within the domestic economy itself and sufficient capacity to regulate foreign investment adequately. Can the poorest nations realistically create a regulatory system that will adequately protect their citizens' interests?

How do we address this failure in confidence? We need to recognise, not just in words but in deeds, that developing nations need to grow their own economies and this requires a better co-ordination amongst multilateral institutions. At the moment, we have multilateral institutions, which are behaving like jumbo jets without the benefit of air traffic

control. In the ILO report produced in 2004, the World Commission on the Social Dimension of Globalisation suggested a specific new forum to work out a balanced development framework for foreign direct investment. Any such framework should be negotiated for the poorest countries as a separate and coherent entity and not tied to concessions on the WTO agenda. The G90 countries, as opposed to perhaps the G20, have very little, if anything of substance, really to offer in the negotiations. They will always be in a weaker position.

With regard to capacity, we need to carry out independent poverty and social impact analysis to increase transparency in the process and to give citizens confidence that the process is robust and serves their interests. We need genuine ownership of the process with much greater parliamentary and civil society participation. With a bit of imagination and thinking outside the box, we can find ways to assist developing countries within the existing multilateral mechanisms. We need to provide proper protection of other forms of ownership, including public services, so that the public in developing countries do not believe that these are under attack. The EU has a horizontal limitation on Mode 3 commitments to protect its public services. Why is this not the norm for other countries?

Finally, we need to end institutional secrecy. We have to gain public confidence and that applies to every WTO member.

**Mr Ibikunle Amosun**  
**Senator, Nigeria**



The increasing participation of developing countries in trade in services and the expansion of their exports through, inter alia, strengthening their domestic service capacity and its efficiency is underscored in the Agreement.

There are four modes of supply of services namely:

Mode 1: Cross border supply;

Mode 2: Consumption abroad;

Mode 3: Commercial presence;

Mode 4: Movement of natural persons.

Developing countries, particularly African countries, have a comparative advantage in Mode 4. Unfortunately, developed countries have tied movement in this Mode to commercial presence and, as a result, developing countries have not been able to reap the desired benefits from their comparative advantage in this Mode.

The GATS has been acknowledged as being development friendly because of the concept of progressive liberalisation. Article XIX of the GATS calls for progressive liberalisation, promoting the

interests of all participants on a mutually advantageous basis and securing an overall balance of rights and obligations. The mandate further states that the negotiations shall take due regard for national policy objectives and the level of development of individual members, both overall and in individual sectors. It also states that there shall be appropriate flexibility for individual developing countries for opening fewer sectors, liberalising fewer types of market transactions, progressively extending market access in line with their development situation and flexibility of attaching market access conditions to foreign service suppliers. In line with this principle of progressive liberalisation and its national policy goals, Nigeria has taken important steps in opening up its economy, particularly in the services sector.

The GATS is supposed to be development friendly and developed countries are expected to take measures to promote the participation of developing countries by opening up sectors and modes of supply of export interest to developing countries. The situation unfortunately is not encouraging and sectors and modes of supply of interest to developing countries, including Mode 4, have not been opened up. This has created a situation where developing countries are not fully participating in service trade and not reaping much benefit from it. This has to be addressed in the current Round of service negotiations at the WTO.

Here are some conditions that, in my view, could promote the participation of developing countries in services trade:

- i. Opening of sectors and modes of supply of export interest to developing countries by the developed countries;

- ii. Provision of targeted technical assistance to address some of the capacity constraints facing many developing countries in trade in services;
- iii. Assisting developing countries in the preparation of their initial and revised offers;
- iv. Recommendations from the Services Council of the WTO to the Trade Negotiating Committee (TNC), General Council and the Sixth Ministerial Conference should contain concrete measures to assist developing countries participate on in services trade;
- v. The pace of negotiations on services in the WTO should be managed in such a way to take into account the needs and constraints of developing countries;
- vi. There should be a balance between market access and rule making components of the negotiations in the WTO;
- vii. The problem of subsidies accorded to some service suppliers by developed countries is a huge obstacle to achieving a level playing field between service suppliers from developed and developing countries. This has to be addressed in the negotiations under rule making on subsidies;
- viii. Emergency safeguards should also be developed in the negotiations to provide safety valves or nets for developing countries to deal with high influx in services provided by developed service suppliers or deal with threat or material injury to their domestic service industry;
- ix. Exploring the possibility of having or developing a GATS visa to deal with visa work permits and other administrative problems facing movement of natural persons to provide their services across national borders. Equally, there is the need for closer co-operation between trade and immigration authorities;
- x. There is also the need to have in place Mutual Recognition Agreements (MRAs) regarding qualifications and standards which can serve as obstacles to trade in services between countries;
- xi. The need to conduct studies on the impact of liberalisation undertaken by developing countries to assess the impact of past liberalisation and the need to so further.

We are of the opinion that taking these measures could make GATS more development friendly and enhance benefits for developing countries.

**Ms Paddy Torsney,  
Member of Parliament, Canada**



As one of the developed countries benefiting from the provision of services from abroad, Canada is in a very unusual position. The provision of services remotely can be very positive for developing countries, particularly as there is an infusion of high tech communications. There is an investment in knowledge and education particularly, which would reap rewards right across the Millennium Development Goals. It offers an opportunity to keep educated citizens in their country and prevent the brain drain.

It is interesting to hear talk about making sure there is more access under Mode 4 because, in parts of the developed world, we are very concerned about the number of individuals who leave the developing world where there is a desperate need for some of their services. Citizens from developing countries enter, for instance, Canada, which has a population of 32 million citizens and annual immigration of about a quarter of a million. Sometimes there are issues where we are getting the very brightest and the most mobile and yet we are not able to integrate their

services because there is a lack of accreditation programmes. Therefore, there are some challenges.

There is an upside and a downside for developing countries from temporary work permits. There is an upside in terms of enhanced experience for the skilled individuals. There is an opportunity to return both money and skills to the

country of birth and there are even examples of where people are using the contacts, money and skills that they have gained, for instance in North America, to create a separate industry back in their home country to support the work that they are doing in North America. There is a downside for the developing world in terms of the loss of skills. Often the economies are not recognising the skills. Therefore there is a challenge for developed countries to either accredit or to recognise accreditation of these individuals or to upgrade their skills very quickly so, as in Canada's case, we do not end up with engineers and doctors who are driving taxicabs. It is a loss of human resources to both countries.

Developing countries will need to invest very significantly in primary, but also in secondary and post-secondary education. For developed countries, there is going to be a real demand to continue to invest and provide value added in the services sector and to provide investments that distinguish themselves in terms of corporate social responsibility.

The main areas where the service sector has real opportunities are in call centres and high tech investment but also access to financial services. Issues like insurance and financing, increasing the transparency and the reliability of bank services, making sure that there is competition, particularly where there might be state owned insurance or banking systems that may not be providing the latest and greatest, will enhance opportunities for the small and medium enterprise in developing countries.

Small investments can mean huge gains. There is a real opportunity in terms of the kind of investment in the service sector which is generally viewed as quite clean versus investments in areas like manufacturing. You may see a manufacturing facility taken out of Europe or North America that, if it was being created this year, may not meet our environmental standards but can be packaged, removed and set up in a developing nation where there may not be the same standards and where companies could get away with providing products at a less environmentally friendly level. Therefore, the service sector is relatively clean, it provides opportunities in terms of new investments and new sectors of our economies, financial services, call centres and it provides particular services in rural areas high unemployment.

For example, the eastern provinces of Canada used to be very agricultural and remote. There was then a huge investment in the telecom sector that had benefits right across the whole community, particularly focusing on more education and opportunity and creating a niche market of call centres. This sector offers great opportunities. I note from our Draft Declaration that there are only two references to the services sector due to more focus on agriculture. Nevertheless, it is an area where we could see real gains that will be beneficial to both the developing and developed world.

## **Discussion on Trade in Services from a Development Perspective**

### **Ms Yasuko Ikenobo - Japan**

The first point, I would like to make concerns the possibility of trade in services contributing to development. An efficient and productive service industry is the key to improving the nation's quality of life and to enhancing competitiveness in the manufacturing sector. Thus, service industries are becoming ever more important for both developed and developing countries. The second point, concerns cross border trading. Due to rapid advances in information and communications technology, providing services across national boundaries is easier than ever before. In many fields, outsourcing has become a common practice. Some express concerns about the impact that overseas outsourcing can have on the domestic job market. This also applies to Japan where outsourcing to China, India and other countries is increasing.

Japan supports a move towards liberalisation because the formation of a reliable outsourcing market would not only increase the value of the Japanese economy, but also promote the development of destination countries, eventually benefiting the entire world economy. From this perspective, deregulation is particularly important in fields such as computer-related services, telecommunications and finance. Thirdly, the movement of people poses difficult issues such as the impact on immigration policy and the domestic job market and these are directly related to the nation's life. Developing countries particularly find it a difficult problem. However, movement of people plays a significant role in invigorating the world economy by transferring technology from developed to developing countries. Fourthly, to conclude the Doha Round of negotiations, further discussions must be held from all conceivable perspectives, including those of domestic and foreign NGOs. In the negotiations on services, the deadline for submitting revised offers is set for May 2005. I propose that we, as parliamentarians, encourage our own governments to submit better offers for further advancement of the negotiations.

### **Ms Jitra Yooprasert - Thailand**

Apart from the issue of agriculture and trade in services, trade facilitation and technical assistance are also significant matters. In this regard we welcome the launching of negotiations on trade facilitation and agree to work with the

government to advance these negotiations in the WTO. These negotiations should take into account the principle of special and differential treatment for developing and least developed countries. We recognise that trade facilitation plays a critical role in ensuring that the benefits from greater market liberalisation are fully reaped. Therefore, the introduction of clearer multilateral rules on trade facilitation will bring greater certainty, reduced costs and delays and provide more competitive import and export conditions for industry and business. As for Thailand, we have already undertaken various activities related to trade facilitation, namely movement of goods, standards, mobility of business peoples and e-commerce. We believe that these activities will produce greater harmonisation and simplification of custom regulations and procedures. We call on the EU to maintain and increase capacity building efforts, which should include programmes for parliamentarians to strengthen their role in trade negotiations. We, as parliamentarians, strongly hope that, by the Sixth WTO Ministerial Conference to be held in Hong Kong in December 2005, apart from modalities in agriculture and non-agricultural market access, there will be substantial results in services and rules. Progress on this issue is essential, since it will move forward negotiations on other issues.

**Ms Erika Mann - European Parliament**

I would like to point out the great way in which India has been a success story. India is great in the movement of people, in technical terms, Mode 4, but India is great as well at insourcing. One should not forget that each outsourcing story creates insourcing for the countries the companies are moving to. I would like Indian colleagues to explain why this is the case? What is the main reason behind it? Secondly, was there ever a clear decision, taken by the Indian government supported by the Parliament, to encourage this? Why is it functioning so well in India and not in other countries?

**Mr Ivan Valente - Confederation of Parliaments of the Americas**

It is important to emphasise that this is not a meeting of diplomats to deal with trade relations, nor is it a meeting of representatives of executive powers from the various nations. We are representing the interest of the citizens. We represent national sovereignty and dignified survival for our peoples. We are speaking out in favour of welfare policies for our peoples. We are not representing profit-making corporate interests. This is why equity and justice must prevail in this Assembly and in trade between peoples. We have to pursue these objectives. The representative of the United Kingdom made a rather provocative speech, but an important one concerning the lack of trust which prevails in developing countries. Referring to privatisation, privatisation in Latin America was an absolute disaster for those countries. In Argentina, Brazil and in other countries, the quality of public services worsened. Charges for public services went up. It is essential when it comes to trade that it is not possible for issues which should be dealt with by the state, such as education and health, to be opened up. It is the role of the state to provide basic education and to build universities so that there is wealth and development for each country. Therefore, these services should not be at stake. WTO meetings, and the parliamentary meetings in particular, should make it clear that the major decisions which have an impact on the life of the people can and should be taken by plebiscite or referendum. These should not be issues dealt with by trade negotiators alone. It is essential that Third World countries have another pattern of international negotiations. There is no free trade and fair trade at the moment; there is no equity, no justice. We need to seek out another model for international negotiations, which makes it possible for the less developed countries to make headway.

**Mr Yibine Hou - China**

I fully agree with the views of the panellists about the concerns of developing members in the service negotiations. Negotiations on trade in services have become increasingly important since the Doha Round of negotiations was launched in 2001. Due to differences in economic development between countries, different economies have different positions in presenting services internationally, in competitiveness, in international trade and in the process of realising liberalisation of trade in services. Therefore, China always believes that, in the negotiations on trade in services, developed members should give special attention to the sectors and modes of supply, especially the movement of natural persons, in which developing members have export interests. With regards to requests to developing members, developed members should give consideration to difficulties such as a shortage of supervisory capacity, which is a concern of recently acceded members. Developed members should provide more technical assistance to developing members so as to help them take advantage of opening their markets. For instance, strengthening the legal system to improve relevant laws and regulations so as to make a better environment for the opening of the service market. Parliaments can also improve the transparency of national laws and regulations.

**Mr Jimmy N. Angwenyi - Kenya**

I would like to address the issue of Mode 4. It is a well-known fact that the only way to combat poverty, especially in the developing world, is by providing job opportunities in those countries. We know that Mode 4 provides only for provision of services. In fact, even for provision of services, there are strict conditions, which make it protectionist so that to qualify to supply this service, you have to meet a lot of difficult conditions. The WTO states that one of its goals

is to eradicate poverty. Therefore, to eradicate poverty, the WTO should endeavour to create jobs for the people, mainly of the developing world. This can be done by creating a mechanism whereby people, whether manual or professional, are able to immigrate for a period to the areas where their services are required. If this were to be done, then we would not see the scenes of people trying to cross the Mediterranean or people trying to cross in a secretive manner from Mexico or Cuba to America, where they lose their human dignity and sometimes their lives. If this were to be done, it would be a win-win situation both for the developed world that would get the services they need and for the developing world where people would get jobs. I would urge that the WTO looks into this matter seriously and classifies all labour, whether manual or intellectual or professional, and give conditions for this labour to be supplied throughout the world in a liberalised manner.

**Mr Su-Chan Chae - Republic of Korea**

I would like to bring your attention to a development issue important for peace and prosperity in East Asia. North Korea has maintained one of the most closed economies in the world. As a result, its industries are in a state of virtual collapse. Recently, South Korea and North Korea together have started developing an industrial project, just inside North Korea. In this special area, the head of each firm will be a South Korean. South Koreans will provide technology and capital while North Koreans will supply labour. This project, not only will give North Koreans an opportunity to learn about the market economy but will also reduce military tension in the region significantly, given its strategic location. I would like to submit an amendment to paragraph 12 of the current draft final declaration to the effect that this kind of project deserves favourable treatment in the application of the rules of origin.

**Mr Ramon Dario Vivas Velzco - Venezuela**

On the issue of services, we entirely share the idea put across by the representative of the Confederation of Parliaments of the Americas. As far as Venezuela is concerned, liberalisation and privatisation of services, such as financial services, tourism or health, is a serious threat to our constitutional powers and laws as well as a threat to government policies for development. Conditions change, and the government has to be able to adapt. Market transfers of public services such as health and education threatens citizens' fundamental rights. For the Venezuelan government, countries should liberalise their services but only in line with national development, not because they are forced to because of international treaties. Therefore, we need a protection net and a constrained liberalisation. Otherwise certain groups, such as the poorer sectors of the population, might not have access to basic services such as health, education, justice and security. When negotiating on services, investment, competition and facilitation of trade have to be linked to national resources whether energy or industrial resources. The Venezuelan government has enshrined in its constitution the need to manage these resources because of their strategic public importance. In the framework of negotiations and international treaties, this also applies. They cannot be subject to any process of liberalisation, deregulation or privatisation, which would reduce the sovereign rights of the government to develop its own country in the best possible way. We do not share the ideas enshrined in the document as a draft declaration. Part of that is the expansion in trade in services. We totally disagree that the document should contain any mention of trade in services because we believe that this is down to the sovereign states to determine. We have to remember that each country has its own sovereign rights.

**Mr Johann Moser - Austria**

Firstly, our English colleague has raised the negative and positive examples of liberalisation and privatisation. It is an important point. Also, there was a reference to the fact that liberalisation can lead to a brain drain from these countries. Secondly, as well as a brain drain, there is also a care-drain, the caring professions tend to go elsewhere as well. This can lead to very serious social erosion in the countries of origin. Therefore, in our considerations we have to keep this in mind and we have to take a very cautious approach to those phenomena. Thirdly, the WTO is not just a trade organisation; it has to work in co-operation with the ILO in Geneva because then we will be able to create a very harmonious development. A final point is a question to the Indian colleague. As an economist and politician, I would like to ask him whether the Indian national economy will be in a position to pursue the industrial development process? Given the normal pattern: agriculture then industry and so on, will you be able to follow or jump across those two stages and go straight into being a services economy? Is there not insufficient domestic demand for these things? Could you not use these to develop the domestic economy too?

**Mr Dharmendra Pradhan - India**

Given the interest of developing countries like India in Mode 4, we have been actively involved in developing a general consensus on the issues relating to Mode 4 among a critical mass of countries, thereby focusing the attention of all the member countries on this issue. Together we, with like-minded countries, introduced a paper on proposed liberalisation of Mode 4 under GATS negotiation in July 2003. This paper addresses various obstacles in the way of free movement of natural persons such as immigration procedures, economic needs tests, non-recognition of qualifications and so on. It

also suggests several remedial measures including specific categories such as inter-corporate transfers, contractual service suppliers and independent professionals. Another emerging area of importance to both developing and developed countries alike in the negotiations under GATS, where there is great comparative advantage and potential is the cross border supply of services, especially through electronic modes of delivery, Mode 1. The entire range of IT and other services such as call centres, medical services, would be covered under this. Summing up, our objective is to bring about progressive liberalisation of services and increase the participation of developing countries in world trade. All members must work together to enable service providers to supply services in overseas markets either from remote locations as Mode 1 or through the temporary movement of service personnel as Mode 4.



**Mr Abdelwahab Osman - Sudan**

There is a very close link between services, trade and production. Services, production and trade are also in turn linked to technology and information technology in both developing and non developing countries. Opening up the financial sector without preparing the developing countries first can lead in certain cases to an economic catastrophe. There are a number of examples, which attest to this especially in Latin America and in South East Asia. The same applies to the liberalisation of trade. If we do not first prepare the economies of developing countries for the liberalisation of trade and the opening up to other markets, then there will be unfair and unequal competition. The developed countries and their financial and production institutions are able to keep up with liberalisation. However developing countries must first acquire this technology.

A sugar factory was opened in Sudan in 1972. There were four companies bidding for this contract, one was from Germany, two from Great Britain and the fourth was from France. These four companies have now merged into one because the demands of competition and of opening up to foreign markets require heavy financial weight and the ability to acquire the necessary technology. In the Arab countries, for example, all of the assets in all of the banks put together are far lower than those of a single financial institution in Japan or in the United States of America. Therefore, how can you expect the financial institutions in these countries to compete with the might of financial institutions in the developed world? I would like to ask a question to the representative of India. We heard from him that India has taken great steps forward in the field of technology and especially software. Could he give some advice to the other developing countries and perhaps even provide assistance to these countries so that we will be able to benefit from technology and the experience of India?

**Ms Cornelia September - South Africa**

When the discussions in the WTO emerged regarding trade in services, it was specifically said that, without movement on agriculture, we could not have movement on trade in services. Therefore, as we approach this issue and move forward to establish how we enter further negotiations on trade in services, we would want to be mindful that a cautious approach needs to be taken with regards to further negotiations on this aspect. The development approach that we ought to be reminded of in trade in services needs to be the guiding principle as we move forward. For South Africa, our point of departure is that public services and other services of general interest reflect democratically determined public policy objectives and these should not be undermined by private sector competition under the WTO disciplines.

Therefore, our questions to Canada would be the following: what would be your view on the exclusion of public services, including those provided by sub-national levels of government? We are asking this in particular for the majority of developing countries that would argue that our agenda is an agenda to overcome underdevelopment, to overcome and eradicate poverty, to create economic development and so on. Our question to the UK and India; do you not think that the aspect of trade in services is the ideal place to discuss poor labour standards and a full involvement of the ILO in this aspect?

**Mr Haydar Murad - Jordan**

Trade in services is of the utmost importance and represents a large portion of our GNP, a portion higher than trade in goods. The service sector employs a large number of people in our country. It must be said that conditions vary from one country to another. Therefore, careful examination is required which must be carried out by each country for each of its different sectors. This requires technical studies and surveys, especially on the issue of small businesses in the service sector. In many countries these constitute seventy to eighty percent of companies. If no such study is carried out, people could be negatively impacted by liberalisation. We must all pay special attention to this matter because liberalisation will take place gradually in all of these countries. Therefore each country should begin right away carrying out these studies in the various sectors and collecting various suggestions so as to become aware of all of the issues in this sector which I consider to be one of the keys to success in these countries. Regarding privatisation, developing countries have conducted privatisations in their countries and were successful in privatising large companies and were able to keep the workers. Through privatisation, they were also able to enhance the performance of some companies.

**Ms Nyamko Sabuni - Sweden**

Agriculture, industrial goods, services, trade facilitation, dumping as well as trade and the environment are the priorities for the Doha Development Agenda. Trade facilitation is an area of win-win both for developed and developing countries. Democracy is important as is the respect of every person, including the role of civil society, with the principle of one woman/man, one vote. Democracy should be seen as a tool in the struggle for development. We in the Swedish Parliament wish to stress the importance of common responsibility for development worldwide. Developed countries must reduce and eliminate obstacles to trade and give improved access to imports from developing countries. We are prepared to support the reforms of the public sector and the respect of the rule of law. Transparency in the budget sector and anti-corruption is important. As well as liberalising the market, good governance, both for developed and developing countries, is a very important part of democracy including respect of human rights, rule of law, free elections and women's rights.

**Mr Mohamed Tom - Sudan**

Trade in services is very different from trade in agriculture because developing countries have products in agriculture and are able to exchange them with other countries. However, the problem with services is that developed countries are ahead in these sectors with developing countries behind. Therefore, this is a trade which goes North to South and not the other way around. There are no services coming from the South into the markets of the North. We must take into account the needs of small companies because in the banking and services sectors, there are large multinationals, which control these sectors. If we do not take the differences into account there will be complete hegemony and control from the countries and companies of the North over the South and no benefits for the developing countries. Here, the WTO, the UN and its agencies and the Bretton Woods Institutions must co-ordinate and carry out campaigns to train people in developing countries so that these countries will be prepared and get to the level where they will be able to deal and exchange with the developed countries without dying off. If we continue along the road we have taken now, there will not be any benefits to the developing countries and there will no longer be companies that can be reinforced in the future, whether it is in the telecommunications sectors or other sectors. Therefore, I would like the delegate from the UK to expand upon what she said about new forms of ownership. I would like the delegate from Canada to talk at more length about how we can strengthen small companies so they are not over run by large multinationals.

**Baroness Hooper - Parliamentary Assembly of the Council of Europe**

I would like to direct my questions in particular to Paddy Torsney, the Canadian representative. If we look at the high-tech services to which she referred, for example, the niche market in call centres, clearly this presents a new opportunity for developing countries and could be of considerable advantage to the developed countries and it avoids the need for people to move from their home environment in order to take up these opportunities. However, in this particular sector, free and fair trade is very difficult to achieve. For example, you already have an unfair advantage for those countries that have a mother tongue, or at least a lingua franca, which is also a world language. Therefore, is she aware of any system that can balance the advantage that some countries might have? My second question relates to the example of a long distance or overnight secretary in a different time zone to which you referred. This is indeed an exciting

prospect but I fear that there may also be social consequences from this because that sort of relationship must have a rather dehumanising effect because there is no face to face contact between the people working together. Therefore, is she aware of any research that has been undertaken in this respect to look at these social consequences?

**Mr Enrique Barón Crespo - European Parliament**

On behalf of the International Trade Committee in the European Parliament, which I chair, as the leading trade power in this area in the world, we feel it is very important that we include the issue of trade in services in the Doha Agenda. We have to pursue the four different modes, which are interrelated. The issue of services of general interest is an absolute key in the debate on the European Constitution, which has been adopted and is in the process of ratification. Inclusion of public services was a substantial element in terms of the definitive adoption of the constitution. On the issue of immigration, we also believe that we have to organise immigration policy so that it is not an activity left in the hands of mafias, which exploit human beings. From the point of view of the European Union, with movement especially from developing countries towards the European Union, we have to look at how we can find approaches which enable co-development. There is of course a brain drain. It should not be one way. That is to say they should be able to go back to the countries from where they came, taking back knowledge. That is a very important issue and all of this has to be done under conditions of human dignity. Finally, I want to ask a question to all members of the panel. How do you believe transparency and the fight against corruption should come into play? This is an evil we all have to combat.

**Mr Paul Crête - Canada**

Regarding Canada's service offer in terms of movement of persons, we feel that this can be mutually beneficial. Referring to those who come in on temporary visas and have specific talents, be they business executives, managers, independent professionals or their spouses, we see that there is a mutual interest in their coming in with a view to working for a short term and this equally allows a transfer of expertise back to the countries when they return from Canada. Assessments show that this is then a return on the investment of that country that allowed their people to come and work with us. When returning home, they can maintain their networking and skills they have learnt, as well as new forms of technology. In particular, seasonal workers come to Canada from Mexico and the Caribbean. They are prepared to work in slaughterhouses for example. These are temporary visas for a fixed term and it is known beforehand that it will not be a permanent job. This is an experiment that we hope to continue and we would like to discuss other opportunities that could occur as well whilst paying a lot of attention to the need to satisfy both sides in the equation rather than simply allowing for the export of competence and skills, a one way brain-drain. That is not what we want.

**Dr Caroline Lucas - European Parliament**

There are some groups in the European Parliament that have grave misgivings about the inclusion of services in the trade agenda. We are concerned that liberalisation of public services will lead to the privatisation of public services. I agree that that link is not an automatic one, but experience suggests that greater liberalisation often, if not usually, leads to greater deregulation and, in turn, greater privatisation. We are also concerned about two other aspects of this agenda. Firstly, many people in our respective countries are particularly concerned about the impact of negotiations on services because services touch closely some of the most sensitive domestic policy and domestic regulation issues in our respective countries. The discussions about services do need to be more open and more transparent. We are only going to build greater confidence in an international trading system when we are less secretive about it.

Secondly, it is important to make sure that we do not have double standards. In other words, protecting service areas at home, but vigorously pursuing the opening up of those very same service sectors in other countries. We should affirm that every country must have the right to protect its cultural diversity and to conserve and develop its public services in whatever way it sees fit. One final word about the issue of call centres. People have been talking about jobs in developing countries like India, where people work in the call centres for clients in the industrialised countries. We need to sound a note of warning on this particular trend. I am sure I am not alone in thinking that this kind of employment, for many people in developing countries, while possible paying somewhat better than the average, is still no replacement for a genuinely sustainable livelihood and one that leads to greater education, greater career structure and something to really aspire to. There is a serious issue here about a second form of colonisation. I hope you do not think that is too strong a word to use but I do think it is something we should be wary of and not think that this is a real sustainable way forward for livelihoods in poorer countries. Perhaps it will serve as a transitional measure while we move to more sustainable livelihoods but frankly if our vision of employment in the future is for everybody to be working in call centres for Europe then frankly I despair for those people.

**Mr Issa Rimoni - Jordan**

Providing services from the North to the countries of the South is covered by a certain number of safeguards through investment law and modifying the legislation in the countries being invested in by the countries of the North. For

financial services, such as insurance or banking services, these countries call for the putting in place of legislation which will protect these investments in the service sectors. However, if there were attempts by countries of the South to provide those same services in the developed countries or the countries of the North, there are no laws, which protect these services. These countries are faced by a number of obstacles in the legislation. Should this not be taken into account by the World Trade Organisation?

## CONCLUDING REMARKS

### Ms Paddy Torsney - Canada

There were a number of questions and comments that deserve a response. Trade in services represents some good innovative jobs and opportunities for development. There was talk about privatisation in public services. As a country that is next door to America, which has a very robust private health care sector, we are very concerned, as health care and education are things that are very important to us and are largely government provided. There are certain aspects of health care that might be privatised, but generally it is a sector that is not open to privatisation. In terms of the role of Members of Parliament, part of the Declaration deals with the need to engage the citizens and the role of parliamentarians in doing that so our negotiators get the best information and understand public concerns. This is absolutely our role and we need to be doing more in order to obtain the information our citizens want so that the negotiators understand the context in which they are negotiating.

Regarding call centres, I would, of course, be very concerned if there was a sort of colonialism developing. References have been made to the language skills and the lingua franca of Canada. I have a drug company in my constituency, a German drug company, that invested in Canada and located its North American call centre in my constituency because there was fluency in English, French and Spanish. It is a very high tech call centre in terms of the skills that the citizens need. Therefore, there are some real niche markets. While we think of English, French, German and some of the other more widely spoken languages there is also the opportunity, for example in Sudan, to supply support for whole areas of the developing world in terms of call centres in the Arabic language. It is a great opportunity to locate these kinds of activity there and getting ahead of the market.

When it comes to individuals who might be working through the night to provide services, we must be careful that there are work standards and opportunities and that these are well paid jobs and that the social concerns are being taken care of. Our colleague from Chile talked earlier about poverty reduction. Jobs are the most important opportunity for people to be able to reduce poverty, for people to gain wages. There was some discussion about the issue of mobility of persons. Canada benefits enormously from people who leave their home countries with a good education, generally resulting from public spending. It is a great concern, particularly in certain sectors like medicine and teaching, where people are leaving with all that skill and while there may be temporary remittances, which means money coming back to educate the next generation or to educate their sisters or brothers, there is a real problem in terms of scooping all this talented work force. Given the number of doctors that are needed right now in Africa to deal with some really difficult issues, it is very disturbing to us to take doctors out of Africa. Therefore, we have to do something. I think mobility could enhance training on a short-term basis. However, we need to be very careful about taking all that skill and creating a worse situation in terms of the brain drain for individuals.

My Canadian colleague talked about how we have workers that come on a temporary basis. I have a large wine growing industry near my constituency. Picking grapes is not an occupation that a lot of young Canadians look forward to doing so we bring in groups of Mexican or Caribbean workers on a temporary basis, which gives them really important opportunities to earn and support their families. Again, there are work standards, there is a process for keeping track of the individuals, but we do have to be careful about making sure that, when we are actually having immigration rather than temporary workers, we are respecting cultural diversity, that we are supporting the integration of individuals and we have done a lot in our country to make sure that you can come and be Canadian. However, we need to be careful about the number of people who are coming on a temporary basis versus those who are coming on a permanent basis and not aggravating the problem in some of the developing countries. Clearly, it is a real concern for Canada in terms of the movement of people, the trafficked individuals and the opportunity for exploitation.

There are particular sectors that Canada is very worried about. While people working for you in India may not be able to advise you in New York on your tie or look unless by video conference, they are definitely part of your team and are developing their own competitive edge. The tourism industry is now an area with a lot of call centres. Hotel reservations are made in the Philippines or in various parts of the world, even for North American chains of hotels. Initially there

may be a couple of years of work at the call centre but these people are gaining experience about how to create and exploit their own tourism industry and to come up to the highest standards and create some opportunities at home.

Lastly, transparency in terms of regulation and the financial sectors is a real opportunity to make sure that, especially in places where there is not a diverse or competitive banking sector or insurance sector, there is access to financing. There are parts of the world where the provision of competitive banking makes a huge difference particularly for small and medium sized enterprises. Each of our countries, especially the developed ones, has the opportunity to regulate some aspects of that but it definitely is something that could be a great advantage.

This whole services sector offers a huge opportunity to have a race to the top. Those who aspire to be President or Prime Minister of the most successful countries will not invest in armaments or gather more natural resources. They will invest in education, in creating a creative and innovative market place because that is where the competitive advantage is. Giving an example, in Kenya there was a huge investment in the IT sector, farmers are using SMS to get access to commodity prices so that they are more competitive and have an advantage in what is an old sector because of the investment in a new sector. Therefore, I encourage colleagues to be creative and to ensure that we now have people moving back and forth, between countries, through IT or through new modes of transportation and setting up whole sectors of their economy back in their home country. It offers great opportunity and a real race to the top in the best ways.



From left: Mr Pal, Mr Amosun, Ms McKechin, Mr Costa, Ms Torsney

### **Mr Ibikunle Amosun - Nigeria**

We have all agreed that trade in services is very important particularly in the development of all the nations' economies. Once that is achieved, we have all agreed that the issue of joblessness, the issue of poverty will be taken care of, or eradicated. We do not want to talk about possible poverty reduction; we want to talk about total poverty eradication. I want to agree totally with our colleague from Japan, that trade in services contributes significantly to economic development and a reduction of poverty. On the issue of movements of people and the implications for national immigration, we have seen instances where people leave their developing nations just to get to developed nations and in the process they lose their lives. What is accountable for this? I am sure most people here will agree with us that developed nations need to bend the rule, give some concessions. We are not equally endowed and nobody wants to go begging to other nations but we are being forced because of the level of development. Our parliamentarian from Thailand mentioned particularly about unequal nations and uneven rules. When we are not equal, we could not expect that a strait-jacket rule would be applicable for all nations and that is why it would be very important for developed nations to help those of us that are still developing.

Back home, we are representatives of people. We come here to make sure that we have our say. They want to see positive actions. We want to go back to our various constituencies and tell them that this is what we have achieved. Developed nations have now agreed to help us. We have come here to talk and are happy that some of things that we have been saying are being implemented. Developed nations need at least to give certain concessions, need to appreciate the

fact that we are not equal. We cannot begin to operate from the same wavelength and frequency. We have listened to some of our colleagues that have mentioned different stances; our parliamentarian from the UK gave instances where liberalisation worked in the area of telecommunication and in the area of power where it did not work. Let us use Nigeria as a test case. We have people who have now acquired good technological experience and exposure and they want to provide their services. However they are prevented from doing that, some of them resort to means that ordinarily our developed nations would not even imagine people would want to go through. If we allowed the developing nations to render the services, they would be in a position to learn from the developed world and they would then in turn go back home and share this technology. They would go back home and render the necessary services to the nations. At the Sixth WTO Ministerial meeting in Hong Kong, I want to believe that most of the issues that we are discussing here would be favourably considered and we will not experience the deadlock that happened in Cancún, so that our people back home in all our constituencies will now begin to feel a positive impact from our coming together.

**Ms Ann McKechin - United Kingdom**

There are a number of common themes running through the contributions that have been made today. However I think the most important thing is that if an agreement on trade in services is to work, there is a need for political gain, there is a need to overcome the bad news and the bad examples that have occurred in past few years and to learn from that. I entirely agree with the South African delegate who stated that we need to ensure that trade in services is showing a net increase in quality jobs. It should be on the basis of core labour standards so that we avoid the situation where it is a race to the bottom. It has occurred in agricultural production, where there has been over-production, for example in bananas and cocoa; where there has been a race to the bottom and core labour standards have gone out of the window. We need to make sure we do not repeat the same mistake in services.

Trans-national companies have a record of growth, which arises principally through mergers and acquisitions rather than actual net increases in jobs. We need to create an atmosphere, which encourages growth and expansion. One recent example is Unilever in Africa, which has actually taken its entire transportation system and trained drivers, given them assistance, and management training and then helped them create their businesses. That is a way in which it has managed to assist the domestic African business community and I think we need to have more of those examples and to put best practice into action. We have talked today about the movement of labour. Most of the emigration in the 19th and 20th centuries involved poor people who had very little formal education, whereas now we have a position where the richer nations of the world are in effect picking and choosing who they decide can come into their countries, resulting in the brain drain. We need to have a proper discussion about how immigration controls allow for the justifiable desire of developing countries to gain experience and knowledge from the west and allow it to be returned back to the developing world to allow them in turn to create and expand their own public services.

Regarding democratic involvement, if we are to regain public confidence and trust we need to entrench the democratic element, which has been added on, or tried to be added on, as the processes evolved in trade negotiations rather than being an intrinsic part. We need to have transparency in the negotiations, to be open rather than have a culture of secrecy and we need much greater multilateral action on issues such as anti-corruption and which would include the regulation of the corporate sector. The Sudanese colleague asked what I meant by new forms of ownership. What I was trying to imply is that the current GATS treatment is mainly based on the corporate principle. It does not provide an equal status to other forms of ownership such as co-operatives or the not-for-profit sector. However, the evidence is, particularly here in the west, that the co-operative sector was a major factor in expansion and industrialisation and we need to provide that with a proper status to give people flexibility and proper choice and this goes back to democratic involvement. The South Korean delegate gave an example about how trade can provide a way to reduce conflict. The agreement must be flexible rather than restrictive because we come against new circumstances and new challenges.

Finally, regarding public services, this issue came through very strongly from a large number of delegates, that there needs to be the democratic ability to control public services for the best interest of their citizens. That should be paramount and GATS should not try to undermine this. There can be advantages from trade but really it relies on proper regulation, democratic control and the ability to enforce regulation

**Mr Rupchand Pal - India**

The crux of the discussion at this conference is how much we have learned about the activities of the WTO during the last few years. From the post-Seattle situation we are trying to learn that we have to take note of the protests, physical or otherwise. Globalisation and its discontents are facts of life. We are discussing to dispel the mistrust, to create confidence, not only among the member countries, the developed, developing or least developed countries, but also among the citizens and how to involve the parliamentarians who also have a great stake in the scheme of things. When is a particular person entitled to enter and render the services? Certain countries have their own advantages; certain countries have their disadvantages.

A question asked of me is how India could succeed within a short period. The first reason is historic. India is a vast country, in terms of size and population with a number of people having good quality English. You will find Indian students in America, Oxford, Cambridge and some of them have done very well, top of the list. In India we have Institutes of Technology which are recognised today as some of the best in the world. The number of English speaking graduates and IT graduates is so large in number that we have a surplus. This surplus goes to other countries, sells its services and again comes back. In India today there is a reverse brain drain with many coming back and the top class IT companies setting up their shops in India. Apart from these advantages, India is one country which has, quite early, set up its IT laws. There is an appreciation that India has come to a stage that very soon it will be able to provide high quality services assured by the cyber protection laws.

There have been references about the effects of people working throughout the night, because of the time advantage when it is day in America and at night working in India. This is not the case. We have a large number of call centres and we have our own laws and if any discussion is to be held, India has repeatedly mentioned that it should be the concern of the ILO. The WTO is not the forum to discuss such matters. Extraneous matters should not come in the way and create barriers.

You have to grow if you are to strengthen your economy. We still believe in India that manufacturing is the future. Without success in the manufacturing sector, you cannot address properly the question of joblessness. The new government in India has clearly spelt out that agriculture is number one on our agenda. There has been a study about the medical profession and it has been found that there are a large number of Indians providing medical services in many developed countries. We have not been able to do that suddenly, we had a plan that in a knowledge based society, being a vast country with a large population, agriculture being our base, if we have to use this tool of IT and you have to achieve success in the areas where we are lagging behind. India, as you know, is a very fast emerging market and many important companies in the world, not only in the IT, have expressed an interest and have already started coming to India. We are emphasising the free movement of natural persons, this cross-border service. Naturally, whenever there is outsourcing there is insourcing also. We warn that it should be done according to our model of development. It should not be determined by the Washington consensus or by the prescription of a particular agency. It should be done by rule-based non-discriminatory multilateralism on equal terms where the advantages of one country should be honoured and given opportunity. Let it be for the mutual advantage of all concerned, developed, developing and least developed countries.

## Interactive session with the participation of the WTO Director-General Dr Supachai Panitchpakdi

**Dr Supachai Panitchpakdi**  
WTO Director-General



May I take this opportunity to express my sincere appreciation for the work that has been done and is being done by the IPU and the European Parliament. As a former parliamentarian, I realise that the significance of having colleagues in Parliaments participating as closely and fully as possible in the WTO process of making the multilateral trading system work for everyone cannot be emphasised enough. We must work to promote economic development in all countries, particularly those that have not been able to partake in the kind of economic expansion that we have seen in the last couple of decades. It has always been my goal to promote the process of multilateralism and I am sure that you support this. It is the only option so that we have sustainable, economic and social development. Every country, big or small, needs to participate in the process not only to create more market access but, at the same time, to draw up trade rules that should be fair for everyone. This is a very important principle that I have adopted since taking office. The challenges ahead are quite daunting. Nevertheless, in spite of some moments of hope, of no hope or moments of pure setback,

we have never lost faith in the process of multilateral trade negotiations.

I also attended your meetings in Cancún. I never called Cancún a setback; it was, for me, a wake up call. For the first time, the voices of the poor countries were heard very clearly. For the first time, they were very united in making their stand, very succinctly, visible. This is a democratic surplus, not a deficit. There was a lot of surplus democracy in Cancún, up to the limit that sometime we lost on the efficiency side but this is normal for our negotiations. Therefore, at Cancún we learnt many valuable lessons and so have to set ourselves the really challenging task of bringing the whole thing back on track.

I would like to approach my session from a more pragmatic side. I have two things to report to you. One thing I would like to talk about is the status of the Round and what the mood is like in Geneva. In other words, whether the state of affairs in Geneva is good, bad, guarded, optimistic. The second point I would like to make is that, in spite of people sometimes saying “we have momentum, we are nearly there”, I do not think that we should be too complacent. I do not think we should be too optimistic. I am optimistic certainly, but we cannot exaggerate or underestimate the kind of task that we have ahead of us and the kind of challenges and the divisiveness that still exists in certain areas of our negotiations. We still have quite a battle to undertake. If you look into the so-called July decision, it is only a framework decision; it is not a final protocol. Therefore, we still need to put in a lot of flesh on the July package and a lot of figures will have to be discussed. However, we are now trying to pave the way so that the post-July discussions can be done on the most informed basis for everyone, so we would be able to assess the situation of the Round and each other's positions so that, when we get to the final political horse-trading, the politicians will know what they are trading their horses for.

Concerning the first point, I have four elements to bring to your attention. I think the atmosphere in Geneva in general, something that has been carried over from the July package, is still quite amenable for further discussion. People feel that they understand each other better. I do think that they feel more compassion with each other as well because they begin to understand why we have to get everyone on board, why we have to discuss the so called special and differential treatment, why some countries which are poorer will have more difficulties getting on board so there will have to be some sort of concession or special treatment; what people sometimes call less than full reciprocity. Therefore, these are things that in other Rounds you would not see being discussed so much as in this Round. So I do see that the atmospherics in general terms is still quite congenial, quite positive. I just came back from the annual APEC summit in Santiago, Chile. There I met 21 trade Ministers and some leaders of governments, members of

APEC. I can assure you that, in the ministerial retreat, where the Ministers would discuss things informally among themselves, attention was paid to the process of the Doha Development Agenda. My sense is that in Santiago, the Ministers felt the need for us to move forward more readily, more speedily than the cautious approach that sometimes people see in Geneva. I will explain about the approach in Geneva later on but the sense that I got was that the Ministers themselves are ready to be re-engaged in the full political negotiations as soon as possible. Therefore, it was really a very conducive mood to take back to Geneva and to try to build upon as our negotiations mature.

Besides this meeting in Santiago with APEC trade Ministers, I had a chance to meet the new EU trade commissioner, Mr Peter Mandelson, both a few months ago and in the last few days. We were all very impressed because, on his first day in office, he made the effort to travel all the way to Geneva and be with us for two days. We had different forms of meetings, we had dinner, organised lunches, he met the Secretariat, he met me separately, he met the Chairs of different subsidiary bodies within the WTO, he met the Chairs of the negotiating groups. So he got his full education in a day and a half. I hope it has not disappointed him. People keep joking when the first day I went to the office and on the second day, when they saw me walking back into the office, they said; "hey you come back to your work. How is this so, you must like your work?" So I do hope that what Mr Mandelson got in Geneva was helpful to him because he has demonstrated his political will, his serious focus on the DDA; because I think he has already been fully informed of how things stand in the Round. We were focusing on the key areas of difficulties, some deadlocks, some possible stalemates and trying to find out how we have to solve them. I will bring them to your attention when I am talking about my second point. Therefore, my first point about the atmospherics is that things seem to be going well in spite of all these changes, in spite of the feeling that the post-July package might need time to be digested.

The second point that I would like to make is my assessment of the current situation in Geneva. In spite of whatever people might be saying about the July package not covering the full interests of all participating countries, one has to see it as a framework agreement, which should have been largely agreed at the Cancún meeting. That we have now done this six, seven, eight, nine months after Cancún, is something that confirms that we are still on track, we have now assessed where we are, how far we have come, what we have done, what we have not done, what is it that we have yet to do, what are the areas in which we could reach some commitment. As you can see, we targeted the July package on certain key areas mainly because we know that without the foundations in those areas of agriculture, manufacturing, services, cotton, the development dimension, the rules, the trade facilitation, the Singapore Agenda, without some of the basic understanding and commitments in those areas we just cannot move forward. There are other areas we have to move into including trade and environment, trade and transfer technology, TRIPS, registration of wines and spirits, implementation. There are other areas in which we did not have the chance to discuss fully by July but we need something, a momentum to go on.

So I would say: please do not look at the July package as the end of the Round. It is an incomplete package because it is just a framework agreement, it was never meant to be the end of the Round, it is just mid-way, part of our work programme and I can confirm to you that what we have set out to do in Cancún, the July package has far, far exceeded that kind of expectation. In agriculture alone, the kind of commitments in the key areas of domestic support, the so-called harmonisation of domestic support between the US and the EU, represent a very significant achievement. The commitment of the EU to be part of a negotiation to determine a final date for phasing out export subsidies, this is unprecedented, this is unique. This has been part of the *raison d'être* of this organisation for many decades. And yet here we are now achieving it. Of course you might be discussing with me whether it would be three years from now or five years from now or ten years from now, it matters, yes, but what matters more is that people are now committed to discussing the end date. You can also see in agriculture that the down-payment of a 20 percent up front reduction, the moment the Round ends is something that took us seven or eight years in the Uruguay Round to achieve. And now what is agreed within the July Framework is a 20 percent down payment reduction right at the moment we close the deal. So just a few examples to show you that, when we criticise or subject the July package to close scrutiny, yes you can have some concerns in certain areas for example in NAMA, in manufacturing. But let me say that it is a package that has brought us back together and put us on the right track.



From left: Mr Páez Verdugo, Mr Johnsson, Dr Supachai, Mr Barón Crespo and Mr Sturdy

The third point. What helps the atmospherics very much in Geneva at the moment is the growth situation in the world economy. At the moment, people differ over exact figures from four to four and a half to five percent for economic growth for the world for 2004 but what is true is that the 2004 growth rate for the global economy will be one that has not been seen in the last three decades. I hope I am not that far wrong because this level of something around five percent is really unique again and this is a real achievement. At the moment the situation is very conducive because growth is there, even in Africa. In Africa I know the situation is not really one we can be satisfied with but at least this year, commodity prices have gone up so high. The situation all over the world is one in which I can see sustainability; it is not just a one-track affair. Again, we cannot be complacent because the situation is always very fragile. This is mainly driven by the growth we have seen in Asia: with China coming up; with the situation in the Northern part of Asia, in Japan and Korea going in the right direction; with a resumption of growth in South East Asia; and with Indian economy doing far better than in the past. Therefore, I would say it is mainly driven by situation in Asia and also partly by the US situation. But of course, the US situation again, people are discussing whether this is deficit financing, whether it would be sustainable. But nevertheless, I would say good growth, very positive but very fragile.

The last point that I would like to make in this part is that I have seen the address made by the Trade Commissioner and he actually focussed on the right things, namely that different groups in Geneva, particularly groups pertaining to the Third World, have been doing well and are becoming more unified in the way they act together to negotiate or promote their interests. Sometimes it has been worrisome because the emergence of different groups may be stumbling blocks but I do concur with the remarks made by the Trade Commissioner that it is a healthy thing for the different groups to try to have a joint position in Geneva. You can see the G10, G20, G33, G90, LDCs there are all sorts of groups coming up. This helps with our negotiations because, it would be unmanageable to have 148 countries participating all the time whereas if you have groups, you have representations, then there is more efficient management of the process. Therefore, what we are seeing now is that the groups are working well amongst themselves and working with each other and they are always constructive. When you work in a group, you tend to have a solid basis for your analysis of your position and so it tends to give you the kind of weight that you need in the negotiation.

Let me go to the second part of what I would like to report to you. If all the things I have said are true, what is in the future for us, what is the prospect of us getting there at the end of the Round, do we still have work to do? I would say that in spite of the good atmospherics, good personal relationship, compassionate attitude, group discussions and everything, the tasks ahead of us, the challenge is tremendous. I have five or six points to leave with you.

Firstly, if you go back and look into the July package, the political message is quite clear. We agree on the key commitments on the framework but when you begin to discuss the details, when you begin to discuss specifics, for example, when you discuss the green box (because as you know European Union has been very helpful in committing itself to the so called CAP reform, transforming trade distorting subsidies into non trade distorting subsidies), of course the definition of the green box then becomes a little bit blurred. So we need to be able to find out what is it that we understand by the green box. Is it really non trade distorting, will it be distorting in some areas, how can we put in some

discipline? This is an analysis, technical work that needs to be done. You know that in agriculture people do not always work with so-called ad valorem tariffs, they use specific tariffs. So we are now in the process of doing the technical work to translate the non-ad valorem tariffs into ad valorem tariffs. This is a big issue, because immediately you can see that the ad valorem equivalent tariffs can be very high. We have to discuss the background of export credits, food aid, state trading enterprises, the new definition for the blue box, we have to discuss what people understand under sensitive products, special products, special safeguards, so the commitments for the July package are good commitments but now we need specificity. But in view of the good attitude and the full commitment I do not think this is insurmountable.

We still have a long way to go in non-agricultural market access because if you talk about three things in NAMA - formula, sectoral agreements and less than full reciprocity – all these issues are still a little bit up in the air so we need to put more time and more effort and my colleagues are doing that, the chairman, the Ambassador from Iceland, are putting their full efforts behind it and we are all helping. My own Secretariat has put in more resources behind them because we know that we need a balanced treatment of all issues in this Round. We can not just say ok let's move to the fullest possible extent with agriculture and leave the rest behind and it will fall in place when we agree on agriculture. It is not like that because, in order to move agriculture forward, we need progress in services, in rules, in development and also in goods. So this is what we are trying to do and this is part of the challenge.

In services, we have 44 initial offers on the table, counting the European Union as one. If you count the European Union as 25 we have about 68 countries participating in the first Round of initial offers. 68 countries out of 148, this is not good enough. This is disappointing. This is not what we should be expecting from a full Round with a comprehensive agenda. So we are now working together very hard to assist countries that would like to present services packages but cannot do so, particularly our colleagues in the group of developing countries and the Secretariat always stands ready to provide assistance. Therefore, I do hope that when we come to the next deadline of May 2005, we would have close to full participation because by that time, we should be able to revise and improve all the offers and, of course, developing countries are looking forward to real good proposals in Mode 4, the mobility of natural persons.

My second point is the key areas of development concern, the “implementation issues”, the things that we have inherited from the Uruguay Round, the so called 12b paragraph, where the implementation of about 24 topics is still to be resolved. I do need to seek more support from governments because if the Round moves forward without resolving the implementation issues, I fear that, at the end of the day, we may founder on these issues and people will think we have been debating implementation for years. We need to be more explicit with our developmental effort. Not because this Round is called Development Agenda, but because this is a full Round, this is a Round in which we want development concerns to be fully addressed in agriculture, in NAMA, in services, in cotton, in all areas. So we need to be responsible for that and before we move onwards with other areas, the Committee on Trade and Development must have a clear will. My colleague from South Africa, who chairs the CTD, is serious and has worked very effectively to try to get the members to understand how things stand at the moment. We have 88 agreement specific proposals in the CTD special session. It would not be really manageable to get through the 88 specific proposal within this Round. So for the sake of manageability, we must be able to sort out these issues. We must also be able to sort out some of the so-called cross cutting issues because I understand the feelings of some advanced countries, when they have to deal with the special and differential treatment, as to how far they can go with their concessions.

The third point is my concern with the rising number of disputes and the issues that are not actually in the way of our negotiations at the moment but might not help to create the kind of climate I would like to see. If you look at the textiles discussion these days, textiles quotas termination, the phasing out of the Agreement on Textile and Clothing at the end of 2004 is really a good sign, this is a sign that we have been quite effective in getting rid of one thing which is deemed to be illegal in this organisation. So it is a time to celebrate, it is not a time to be saying, look, this is doomsday. But of course we have to understand the issues - that some countries will be positively and some will be negatively affected. Therefore, the best thing we can do is to keep discussing things in a most mature manner and I know that everyone is trying to help and so we will continue to do this work in Geneva.

When people talk about a “Round for Free”, there had been some discussion among the opening countries themselves, what is to be understood under this Round for Free. I think it has been proposed with all good intention but we need to spell out how far it goes, whom it covers and people who are not included, how they are going to be affected by this kind of discussion. But I do not want this kind of good intention to result in controversies so we have to find ways to address all these issues.

The fourth issue is that we need to have good communication between the Geneva process and the capitals. One of the key elements of success during the July negotiations was the full participation by senior members, by the Ministers from the capitals and the Geneva Ambassadors. We need to maintain this good connection between capitals and the Geneva process.

I would say as a last point and this has always been my plea, we are in the midst of a very difficult, intensive, final phase of our negotiations. Things will depend a lot on how we perform next year, leading up to Hong Kong. We are not saying anything about Hong Kong because we do not want people to have an excessively ambitious agenda that cannot be achieved. We want to work as hard as possible in preparing ourselves for Hong Kong so that Hong Kong can move forward towards the penultimate part of the Round. People are now talking informally that if we do well in 2005, we are setting ourselves for the finalisation of the Round in 2006. What concerns me at the moment, apart from the Round itself, is spreading our resources too thinly because, while countries are involved in the intricacies of multilateral negotiation, many countries around the world are also involved in bilateral and regional negotiations.

Some countries are involved with ten negotiations at the same time, having very limited resources. You involve people in signing the Memorandum of Understanding, when you sign the MOU, you have to get people to go and negotiate and of course if they are to be in compliance with our rules, then they would have to negotiate with their bilateral or regional partners the areas of substantial interest to be covered. So it would mean a whole range of issues that could very well be handled if you spent your time and effort in Geneva within the multilateral Round of negotiations. So I do not want the Round to be delayed, I know that people are always saying look we are doing ten or twenty bilateral or regional agreements, it is not always like that. I see some meetings in Geneva where countries are telling me look we have to leave, we can be with you for only two of five days because the next day we have to fly here and there to meet with our counterparts and sign some deals. This is not good enough.

I made people stay for weeks in Geneva during the July meetings so that I could make sure that there was commitment to finish the July package in Geneva. I want to do the same thing for 2005. I want countries to send all their missions and senior officials to Geneva all the time if they can because I have just finished scheduling meetings for 2005. There will be, every month, sessions of nearly a week long for the key negotiating groups, agriculture, industrial goods, services, and rules. So I can't imagine for countries in general, except for some very large countries which have a surplus of negotiators, you just cannot spend enough time in Geneva to make sure that you can participate fully. This is a last point, which is very crucial. I need all hands on deck, for all resources to be directed at this negotiation which is getting into a crucial part in 2005.

## **Discussion with WTO Director-General,**

**Dr Supachai Panitchpakdi**

### **Mr Tatsuo Hirano - Japan**

I pay respect to Dr Supachai for his serious efforts in the WTO negotiations. I appreciated very much his speech on the status and situation surrounding the negotiations. His analysis was very deep and precise. I would like to ask a question concerning the agricultural negotiations in particular. As you may know, Japan is the biggest food importing country. Therefore, we have contributed greatly to agricultural trade expansion. We have been making efforts to reform our agriculture. But looking at the world, there really are various types of agriculture, there is very automated, large scale managed agriculture, on the other hand there are the very small farmers. Some countries are blessed with agriculture in terms of climate and land but others are not. Some countries produce so much food that they export their excesses. In the 21st century, we are faced with environmental and population issues as well as famine and hunger. These are the issues that we have to deal with. In order to solve these types of problem, agriculture should not be concentrated in a limited number of countries. I believe it is very important to allow the co-existence of various types of agriculture. This is actually a basic philosophy in engaging in this agricultural negotiation. After that point is assured, we can discuss fair and equitable rules for trade in agricultural products. In other words, we would like to rectify the inequity and unfairness in agricultural trade. Non-trade issues, in particular multifunctionality, is the point on which we would like to focus. I would very much like to hear your views, Dr Supachai, on this co-existence of various types of agriculture and I believe also that we have to deepen our mutual understanding of the agricultural situations in each country and in a country like ours, it is also important that we can preserve our agriculture to feed our people.

**Dr Supachai**

The question that you put has always been part of our negotiations in Geneva. Your Mission has made representations about it, Japanese parliamentarians pay me regular visits, I am pleased to say. I have several friends coming from the Agriculture Commission, they come to see us regularly and present us with various reports so I think adequate note is being taken of your position in Japan. Nevertheless, some of the things that are part of the agriculture package might help address some of your concerns. I was talking in my presentation about the need for the members to understand the green box better because it is an area in which we allow certain levels of support that might help for some countries with various non-trade issues. Members have included the so-called sensitive products in the agriculture package. Sensitive products might deal with some key issues of concern in particular countries so that is another area in which, if we need to have co-existence of different forms of production, we could probably negotiate. We also can negotiate the different time frames and the process of implementation in our market access negotiations and I can assure you that market access

negotiations are probably going to be very tough and difficult. It is one in which we know that all countries will have to participate, not only advanced countries but also developing countries. That is why this market access package has some room for adjustment. Beyond sensitive products we have other things like special products, special safeguards which are all yet to be fully fleshed out. Therefore I do hope that the non-trade concerns in agriculture will find an adequate place in our negotiations.

**Mr Einar K Gudfinnsson - Iceland**

I would like to raise a question, which is of great relevance to my country. Dr Supachai referred in his speech to those who are friends of everything. So perhaps you could say that Iceland is a friend of fisheries and therefore it is more than natural that I raise the question of fisheries and subsidies. It goes without saying that the negative impact of subsidies has all the same characteristics within fisheries as it has in other industries. It has negative consequences, which we have often dealt with when we are discussing these things in terms of agriculture or other industries. This leads to market distortion; it encourages bad investment, which eventually will cause poorer incomes for those who work within the fisheries. However, I think the gravest consequence of subsidies in fisheries is the impact they have on fish stock itself because they encourage irresponsible fisheries, and lead to deterioration of the valuable fish stocks. This is something which we, unfortunately, have already witnessed and is therefore a fundamental threat to the idea of sustainable use of an important natural resource, which is one of the most valuable providers of protein in the future. I would therefore like to ask you where fisheries are in this complex mosaic of discussions, which now are taking place.

**Dr Supachai**

Subsidy rules are being negotiated in the group for rules. This negotiating group works on the rules of regional integration, on subsidies and countervailing measures, on anti-dumping rules, trade remedies and things like that. Up until now, I can say that this group has been most successful in addressing the issues of regional trade agreements which I think has some urgency in that we had a breakthrough some months ago which will help us to monitor regional trade agreements around the world. But nevertheless, they have also embarked upon the process of getting the initial understanding of the rules on subsidies and countervailing measures and also begun to work on the trade remedy rules. They have begun the work on fisheries subsidies, and as you rightly put it, the question of subsidies in the area of fisheries will have a lot to do with environmental preservation. It is one of the most difficult negotiations because there are countries in favour and others against that are closely involved in this negotiation. I can refer to some of your neighbours here in this room who may not have the same opinion as you have in Iceland. At the moment we are trying to find out how can we best tackle these issues so that the friends of fisheries can also address the question of environment and where others can also address their concerns. It is a sensitive issue at the moment in Geneva and we have embarked upon a discussion.

**Ms Erika Mann - European Parliament**

If you could do us a favour, and find time to look at the last paragraph of the Draft Declaration because we would urge you to try to make sure that the final Declaration in Hong Kong includes some sentence with reference to Parliaments.

My question is simple, we see, and you described perfectly well, how important the multilateral Round is. How would you observe and how would you judge the regional agreements plus so many bilateral agreements which are signed and could you maybe just say a few words on this, how you see it personally and maybe in your capacity as Director General?

**Dr Supachai**

My colleague who travelled with me from Geneva took the great precaution of showing me the draft declaration before I came into this room so I saw the last paragraph. I will read it again and I will certainly bring your suggestion to the consideration of the Members to see if we can include parliamentary concerns in our Declaration. On various occasions, I have set out my position on RTAs and bilateral FTAs. I have no objection in principle to them being negotiated if they are in compliance with our basic rules. The basic rules are that you have to be open, you certainly should not do things that would add to discriminatory practices, you should not be a stumbling block, you should be a building block for multilateral solutions. However, my first concern is with the proliferation of RTAs and FTAs. There are about 300 of them now, as you know. No one has the capacity at the moment to monitor them. We have been mandated some years ago to set up this Council for Regional Trade Agreement. We have one such Council under the Secretariat's responsibility but it has never really been actively involved because Members did not find it a good place to allow their peers to discuss their own engagement in RTAs and FTAs. So that CRTA has not really been put to use but as, I said, one of the breakthroughs in our rules negotiations in this Doha Round, is the agreement from the Members to allow the CRTA to embark upon an experiment to subject certain RTAs to review as case studies.

My second concern is about the constraint on resources. I have seen smaller countries straining themselves to the limit so that they can participate both in Geneva negotiations and in their FTA and RTA negotiations which involve the same people. You do not see it in the lack of participation but of course you ultimately see it in the lack of interest in our Geneva process. I want the primacy to be in Geneva, to be in the multilateral solution. In July, I asked key members to send their people to Geneva, and let them stay for weeks or months if they could. Because it is not good enough to send them for a few days and then take them back.

My third point is that some of these agreements are WTO plus and no one can say anything but that this has not yet been agreed in the WTO. Of course, if you do this outside the WTO, you can do anything you like and, of course, that might be good when it comes to certain non-trade issues, but it does not mean that you get the right deal, the right exchange.

Fourthly, deals between countries that are very large and countries that are not so large, or very small, should be monitored carefully. The best place to discuss rules is within the multilateral framework, because then you will have a cohort of people who would be able to help produce as fair rules as possible.

Lastly, some people will be telling me that, in spite of what you are saying, everyone is jumping on the bandwagon. I agree that if my neighbours are reaching agreements with various countries and I do not have the chance to do the same, I may think I would be in a weaker position, so I will have to jump on the bandwagon. The bandwagon effect is really damaging because everyone just jumps on without knowing where the wagon is taking you. It might lead you uphill, downhill, into the ravine, I do not know. For me it is fine for FTAs and RTAs to be concluded between Rounds of multilateral trade negotiations. However, within Rounds, when you are engaged in the full Round, I do not think countries will have enough resources, because I see the ways things are being implemented. If we are still discussing implementation issues, it means that you have resource constraints and when we talked about trade related technical supply side constraints, capacity, assistance, it means that countries have constraints so it means you do not have enough resources to spread out so thinly.

**Mr Romualdo Coviello – Italy**

Firstly I would like to thank Director General Supachai for his speech and point out that we were also at that most valuable meeting in Cancún where, at the end, he tried to mediate, and we produced a supporting resolution to get greater flexibility on cotton. Thankfully this problem was overcome in Geneva so, if you like, there were good parliamentary auspices behind the governments' agreements. It is the importance of our work that we are the parliamentary voice of the World Trade Organisation and I think we do need this as this experience shows the need to bridge the gap between civil society and the intergovernmental level. We would like to work with the UN and with the WTO. The President of Chamber of Deputies already stressed the discomfort that Europe is going through with the CAP. In reforming Europe's agriculture we are working hard to promote the idea of multifunctionality to make it not just a trade matter but something involving the environment, the territory, the soil, the cultural heritage of a country and these are our demands to Geneva, for some sort of reference to geographical origins for products other than wines. This is a big thing for Europe as well and I am sure the Director General can answer me on this but perhaps at a later stage.

**Mr Boureima Gado - Niger**

I wanted to put a question on cotton and on the parliamentary dimension to the WTO. In July the General Council asked the WTO Director General to undertake consultations with international organisations. The Bretton Woods institutions are primarily to ascertain how it will be possible to deal with the problems of poverty and development in relation to cotton. Therefore, my question is: you met in October 2004 with the World Bank and the IMF. Was that meeting about implementation of what the General Council had said or was it just a normal meeting on the sort of issues on which you always consult them? Secondly, it was decided that cotton should be dealt with on a special separate track to proceed more rapidly and a special committee was set up to that end. However, ambitious, rapid and specific, what precisely do these terms mean? How are we to understand them? You have appealed to us to help you with negotiations for implementation measures and I am grateful for that. You have also expressed the wish to see negotiating teams beefed up and to see that the developing countries send really high level and highly skilled negotiators but would it be possible at the Hong Kong conference for you to mention the WTO parliamentary dimension so that the Hong Kong meeting be made aware of this?

**Mr Mohammed Bin Hamad Al-Qinaibit - Saudi Arabia**

My question and comment is to the WTO Director General. First of all I would like to point out that big fish fight small fish within the WTO membership. And the 14th rejection of the Iranian application is a witness to my observation, while large countries such as Russia and Saudi Arabia are also being exploited. My question, Dr Supachai, is one that many of my people are asking me. If your country has no taxes, no sales taxes, 10% is the maximum import tariff and applies an open market economy, and then why do you apply to the WTO? What are the extra benefits to this open market economy from joining the WTO? Another question, if the WTO promotes fair trade, why doesn't the WTO accept all remaining countries on the basis of the 1994 WTO rules rather than subject them to negotiations with all the WTO members.

**Dr Supachai**

I will try to be brief because some of these questions require rather lengthy answers. The question about the protection and extension of geographical indicators from our Italian colleague is being addressed under the topic of implementation. This is one of the most difficult areas of our negotiation, I can tell you, because members are quite evenly distributed among those who are proponents and those who are opponents of the extension of GI protection. I have taken upon myself to conduct the consultations on GI extensions and undertook another consultation just a few days ago on this issue. I cannot predict how things will turn out. I know that, without resolving the implementation issue, we cannot complete the Round and I am doing my utmost to find a compromise solution. It is a really daunting task and really divisive at the moment. I am trying to go back to the basics by doing some more analytical work on the consequences of the extension of GI protection. On the cost side, on the welfare side, on the trade mark issue because GI and trademarks are somewhat interrelated.

On cotton, as you know, I undertook a lot of persuasion on cotton well before Cancún. I got both bricks and flowers. And separate treatment of cotton is now being implemented by setting up a sub-committee on cotton so, although cotton is part of the agriculture negotiation, it now has its own sub-committee. And the chairman of the agriculture negotiating group is also chairing the sub-committee. I have my own mandate to co-ordinate the cotton issue with other relevant institutions on the development side. As you know we divide cotton into the trade approach and the development approach. The trade approach is dealt with in the agriculture committee and the development approach is with me so that I can co-ordinate work to assist cotton-growing countries with the donor countries, the World Bank and the Fund. As you correctly pointed out, the meeting I organised with the president of the World Bank and the managing director of the Fund was partly to discuss cotton. While I am doing my best to co-ordinate our action with the World Bank, the Fund and the OECD, we also need support from the countries concerned because we need their commitment. When we talk about the development assistance we need to have ownership of the countries. We would like to know what is it that could help increase the productivity of the cotton? What is needed to produce the oil from the seeds that can be consumed around the world?

You asked about the Hong Kong meeting and the parliamentary dimension. I am willing to raise the issue of our relationship with parliamentary activities/dimensions. The final declaration and agreement is in the hands of the WTO members, but I am willing to raise that issue. Answering the question from our colleague from Saudi Arabia. I have travelled a few months ago to Riyadh and Jeddah just to try to give my support for the costs of adaptation Saudi Arabia faces. But this organisation is based on binding agreements. It is not like a development institution where you can submit your application and be admitted. This is an institution for which members have to qualify. It is the members that would have to discuss with Russia and Saudi Arabia. It is not only market access, it has to do with services, with banking, insurance, energy prices, technical barriers to trade, SPS, it is all this sort of thing. You know it is not only

the tariffs you are mentioning. You could have zero tariffs but you might have regimes in other areas of the economy that member countries may not be able to accept. Saudi Arabia has made tremendous progress; I can assure you that from the Secretariat side we provide all kinds of assistance. You can check with your compatriots. We are coming quite close to the final completion. I am not allowed to say when it could be completed. It is up to some countries that would have to negotiate on a bilateral basis with Saudi Arabia, but I can tell you we are making good progress and your compatriots, and my colleagues, and the officials in the Saudi government are doing extensive work to be in compliance with our rules. And the ministry and the trade Minister himself were very co-operative I can assure you of that. Why the rejection of Iran? This is a membership issue, it is being brought to the attention of the general council and it is up to the members to decide.

**Ms Dulce Maria Sauri - Mexico**

Over the last few years we have seen an extraordinary large number of bilateral and regional agreements being signed. For instance Mexico, my country, signed thirteen agreements with 45 countries, the last of which was the economic association agreement with Japan ratified by the Mexican Parliament on Friday last week. Chile is also an example and has agreements with the United States and recently has signed an agreement with South Korea. These are transcontinental agreements. I think it is interesting to note the change in US policy. They have started supporting and giving preference to regional negotiations and this of course includes promoting the trade area of the Americas. They have also signed agreements with Central American countries, Singapore, Jordan, Australia as well as the NAFTA agreement, and the Chile agreement too. The Asian dynamic is very important with the AFTA plus agreements involving Korea, Japan, and so forth. So two questions for you, Sir. What are the challenges or difficulties of the Doha Round in regards to regional and bilateral agreements? Secondly, do you think that, given the difficulties in achieving agreements within the WTO, it will be relatively easier to achieve bilateral trade agreements? In other words, it is very difficult to achieve an agreement within the WTO and, the more difficult it is, the more bilateral agreements we will see being signed.

**Mr Alexei Likhatchen - Russian Federation**

As an acceding country Russia is worried that the enormous pressure brought on the country's administrative resources by the Doha negotiations might overshadow the importance of accession negotiations. Please share your view on that. Thank you.

**Dr Supachai**

I have partially addressed the question of Ms Sauri from Mexico regarding bilateral agreements. I know that Mexico has been involved in so many different bilateral agreements and RTAs and sometimes the question of what is really the MFN rate is cloudy because you have all kind of preferential rates and sometimes it is very confusing. My friend, Professor Jagdish Bagwhati from Colombia would say that this is a spectacle which makes international trade so complicated because for some countries you have a different set of tariffs and you may also have issues with the rules of origin so it really increases the cost of doing business.

To the question from Russia: I do not think that Doha negotiations will overshadow Russia's accession. Russian accession has its own path and has been going on for, I think, 10 years. I have really done everything I can to help move the process forward. I keep a very close eye on it. Until now, Russia has been doing well although, like Saudi Arabia, you have some bilateral issues to resolve and I think Russia has done that with the European Union already, although there might be some loose ends to be resolved in some areas. I don't think that should discourage us, we have come a long way, but there are still some loose ends to be tied. I am quite optimistic, but I just can not say if it would be next year or when but I think we have moved quite a lot forward in the accession of Russia.

**Mr Kimmo Kiljunen - Finland**

Mr Chairman, you told us that after Cancún you had a feeling that actually the events there were reflecting more a democratic surplus than a deficit. I might agree with you, particularly over your reference to the Group of 20, which emerged out of Cancún. Historically, that might have been as important as UNCTAD 64 when a group 77 was formed in the United Nations for the north south dialogue. My question relates to the Group of 20, its representativeness, it obviously represents the middle income, larger developing countries. How do you see the voice of the least developed countries being heard in the negotiations in the future? Chairman I do have another very short question on behalf of my colleague Rosa Merilainen who wanted to ask about the voice of the larger minority of the world, that is women. In terms of the trade negotiations how many top WTO officials are women and, in terms of the heads of member states' delegations, how many are women? I would share my colleague's question

**Mr Johan Van Hecke - European Parliament**

Director General we firmly believe in trade liberalisation in GATT and in the WTO and we do believe that the WTO is not a world government but an international organisation that guarantees the respect for essential trade rules to free sovereign states to handle trade disputes peacefully and apply some basic principles like non discrimination and transparency. But my concern is that one day maybe the WTO could become the victim of its own success. Started in 1947 with 23 members, today it has evolved as an important international body with 148 members. This causes an institutional problem, for instance maintaining the rule of consensus for every point on the negotiation table becomes almost impossible. We must not be afraid to think about working methods of the WTO, which have to become more efficient, more transparent and simpler. The extent of communication must be improved and parliamentary impact must increase as, given the societal importance of the WTO, the democratic representation has to improve. I am looking forward to hear your view and comments on what could and should be done in order to improve the working methods and, as a result, the efficiency of the WTO.

**Mr Paul Crête - Canada**

Director General, you have talked a lot about the impact of communication in Geneva, but farmers are also worried about being used as a part of a bargain. I am wondering about farmers' protection given that this is a vital part of our talks when something has to be put on the table. What will be the role of farmers' organisations as part of the advisory bodies consulted for those talks?

**Dr Supachai**

LDCs have an explicit role and it is the only internationally recognised group of countries under the UN criteria. That is an acceptable standard within the WTO. In order to address specific LDC concerns, I have set up a special LDC unit within the Secretariat so that all the time we have somebody to assist, to listen to and to try to update them. LDCs have a special place in our negotiations. LDCs are exempt from, I would say, nearly all agreements on market access. They do not have to reduce tariffs, subsidies, anything. They have a special place. So don't worry about that. My concern with the LDCs is how we can help to build up capacity because, although we have concessions and we want to keep them, I don't think it would be healthy for the LDCs always to maintain that status. One day they should evolve to be able to help themselves to have negotiators to participate in all agreement so as to benefit from the liberalisation effort. That is the concentration of my effort at the moment to help them build up capacity.

Gender equality is not a part of our trade negotiation, but I can tell you that my own country has appointed a few Ambassadors to Geneva who are female. There are quite a number of female Ambassadors in Geneva so much so that they have formed a group. Every year, we would meet with them and they would check up on our gender performance. For the UN, I think they have targets; for the WTO we do not have any targets. I have gone out of the way to emphasise to my staff the way that we look at gender, at participation. It is up to the countries themselves. And I do see some improvements coming from the third world. I do notice that with admission of new staff there are some women and young staff coming from countries in Africa and Asia, the third world countries. If you want to look at the senior level you need to have a career path for those people coming from lower ranks and this is what we are trying to promote, but there is no clear cut policy there. But we engage with civil society in our annual discussion, we have this so-called public symposium once a year where thousands of people participate from Parliaments, NGOs, civil society and the business sector in Geneva. We always have a special session on gender and from time to time I participate. We try to encourage discussion even within our own organisation.

Mr Van Hecke's question on the perspective for reform of the WTO. I have, on my own personal initiative, created a consultative board, which is a group of 8 people – friends of mine from the academic world, business world, government agencies. This board is led by Mr Peter Sutherland who is a former Director General of WTO. I have asked him to prepare a report on the future perspective of this organisation. Dealing not only with the issues that you mentioned, but an array of issues facing the WTO: the way we approach our Ministerial conferences, sovereignty rights, management and other sort of things. They have been looking not only at full participation, but also at the efficiency side. Although this is not a WTO report, I will submit it for the consideration of the membership. So I do hope that one of these days, we can address the modification of the consensus rule, but at the moment, as the Director General, I can not do it because it might prejudice some countries' positions. So I will refer you to this report which will be published in January next year.

Mr Crête from Canada, asked about farmers' role. I know there are some issues having to do with state and farm groups, things like that, in Canada. There has been some discussion in relation with the market access issues in agriculture. There has been some dispute concerning the farmers' associations, organisations. I am trying to be as impartial as possible by not saying anybody is right or wrong, but I am saying that this is part of the issues that we are negotiating

under the market access and also under state trading enterprises. So I would say that we are not disregarding the roles of the existing public organisations.

**Chairman**

Thank you very much Dr Supachai for your enlightening answers to the questions and your frank speech. I think it is refreshing for all of us here in this room and we believe that the WTO is in extremely safe hands and we wish you well in the negotiations that are eventually coming up in Hong Kong. A hard road, but I am sure you will do an extremely good job. And I would briefly want to thank the audience, the Members of Parliament for the diversity of your questions and the fact that all the questioners managed to keep within the time limit. Thank you very much.

## Side event: the practical aspects of trade-related capacity-building, with a special focus on the needs of Parliaments

Chaired by Ms Erika Mann, European Parliament

Ms Erika Mann



Colleagues, thank you so much for attending this meeting, now this is something very special, it is a tiny little session to concentrate on trade-related capacity building. If you remember, we had wanted to include an item on capacity building so many times because many colleagues wished to have a little bit of more knowledge, to understand what is going on and how the different international institutions starting from the WTO, UNCTAD and, of course, many other institutions actually provide technical assistance for capacity building. Now this is what we want to do, we want to concentrate on this item and I think we are more than lucky to have three excellent speakers with us.

And I will just introduce them briefly and then, maybe they could add some personal flavour to my introductory remarks. So let's start with Dave Luke who is a senior advisor on trade competitiveness and negotiating from the United Nations Development Program. His office is in Geneva and his career experience covers so many items that I will have to concentrate on just a few. These include policy management, analysis, trade negotiating, academic teaching and research. In particularly

from 1995 to 2001, he was the head of WTO issues for the organisation of African Unity and, in this capacity, he co-ordinated the preparation of the OAU Member States for the WTO Ministerial conferences in Singapore, Seattle and Doha.

Let me move to Manuela Tortora, chief of the technical co-operation section from UNCTAD. I feel really sorry that I can not introduce you because your CV was not sent to me. So I would ask you to introduce yourself. I apologise very much for this. Our final speaker is Serafino Marchese. He joined the World Trade Organisation in April 1995 and is presently a counsellor in its Institute for Training and Technical Co-operation. Following the establishment of the institute in April 2003, he has been assigned an overall co-ordinating role in the design and implementation of the outreach activities of the institute. In addition, he is responsible for a trade capacity building database established in 2002, jointly with the OECD. So I think we have three wonderful speakers and I would like to invite Mr Marchese to start.

**Mr Serafino Marchese, Counsellor  
Institute for Training and Technical Co-operation,  
World Trade Organisation**



The link between trade and development is well established. Trade is a key factor for economic growth and can help alleviate poverty. Trade liberalisation creates opportunities. However, in order to reap the real benefits of open trade, countries need to establish the right macroeconomic environment, develop the institutions needed for the proper functioning of domestic markets and have supportive infrastructure.

Trade is expected to play a significant role in meeting many of the Millennium Development Goals. For trade to have an impact on poverty reduction, it needs to be an integral part of a country's development strategy. In other words, the mainstreaming of trade priorities into national development plans and poverty reduction policies is essential for a successful mobilisation of resources.

The notion of development is at the heart of the work programme launched in Doha in November 2001, Trade Related Technical Assistance/Capacity Building (TRTA/CB) are core elements of the development dimension of the Multilateral Trading System.

The Ministerial Declaration makes specific reference to TRTA/CB and it is of critical importance in the negotiating process. Expectations are very high, both on the sides of beneficiaries and the donor community. TRTA/CB is perceived as an important means - alongside market access and complimentary domestic policy reform - to promote greater participation of developing countries, and in particular the LDCs, in the multilateral trading system and the world economy.

At Doha, Ministers acknowledged the critical importance of coherence and co-ordination at three different levels: (i) at the national level in beneficiary countries, (ii) at the international level among bilateral donors, mainly through mechanisms established between the WTO and the Development Assistance Committee of the OECD; and (iii) among multilateral institutions.

The critical significance of the ministerial co-ordination mandate and the overall magnitude of the task at hand clearly showed that no single multilateral or regional agency could undertake such a task on its own. Resources had to be put together in order to generate the synergies required to carry out the work and be in a position to provide a useful and efficient tool to the international community.

With these objectives in mind, the WTO and the OECD Secretariats, along with a number of interested delegations from TRTA/CB providers, joined to create the Doha Development Agenda Trade Capacity Building Database .

Looking at the main results of the 2004 Joint WTO/OECD Report on TRTA/CB, which is available as a preliminary draft, 2003 saw a sharp increase in TRTA/CB over 2002. The share of TRTA/CB in total aid commitments progressed from 3.6 percent in 2002 to 4.2 percent in 2003. In particular, commitments to activities aiming to assist beneficiary countries in the area of trade policy and regulations increased by 48 percent to reach almost \$1 billion, while the volume of aid committed to trade development rose by 34 percent, reaching almost \$1.8 billion. In addition to these TRTA/CB activities, donors committed over \$8 billion to support economic infrastructure - transport, energy and telecommunications - which is essential for international trade.

Donors focused a greater share of their assistance on Least Developed Countries (LDCs), the income group that benefited the most from the recent increase in TRTA/CB. In 2003, LDCs represented 40 percent of total commitments for support to trade policy and regulations, in line with their share of total aid, and 27 percent of commitments for support to trade development.

Let us now move to the second part of my presentation, WTO technical assistance and training activities. The WTO Secretariat prepares and submits to the Committee on Trade and Development, where all Members are represented, an Annual Technical Assistance and Training Plan. The Plan takes account of the outcome of the formal and informal

consultations that have been conducted with donors and beneficiaries since the beginning of the year, as well as the recommendations and preliminary conclusions of the monitoring and evaluation of previous TA activities.

The 2005 Plan is designed to enable the WTO Secretariat to pursue, in a coherent and cost effective fashion, key objectives mandated by Members. These are to enhance institutional and human capacity in beneficiary countries; to address trade policy issues and concerns; to mainstream trade into national development and poverty reduction policies; and to facilitate a fuller participation of beneficiaries in the Multilateral Trading System and effective participation in the negotiations.

At the level of the WTO, strong emphasis is put on fully integrating training and technical co-operation through the establishment of the Institute for Training and Technical Co-operation.

In order to build and strengthen local capacity in beneficiary countries and enhance ownership, emphasis is increasingly put on partnerships, at varying levels of involvement with other providers or sponsors of TA. JITAP and the Integrated Framework are particularly relevant in this context. The JITAP - the Joint Integrated Technical Assistance Programme - is a multi-country, multi-agency capacity building programme, implemented by WTO, UNCTAD and ITC (International Trade Centre). The Integrated Framework for trade-related assistance is a programme established by six international organisations, namely the IMF, ITC, UNCTAD, UNDP, the World Bank and the WTO, to assist least-developed countries.

The 2005 Plan is centred on the delivery of products. The most important and most widely known of these is the Trade Policy Courses. These Geneva based TPCs last twelve weeks. In 2005 we will have four in Geneva and five at the regional level - one for Asia-Pacific, one for the Caribbean, two for Africa and one for Latin America.

We organise several specialised courses which focus on one or a group of WTO-related topics, usually lasting one or two weeks, and around 160 regional activities on various areas of work in terms of implementation and negotiations. Those regional activities are complimented by national activities that can take the form of short missions, short training courses and, in the case of countries that are starting to assemble a Ministry that has to deal with WTO matters, we can cover that through Trade Policy Clinics.

A major innovation in 2003 that will be continued is the integrated approach to academic support. We have lectures in the regional trade policy courses, we organise workshops for university professors and have a certain number of Geneva based activities for universities. We also provide documentation through the website and also through specific research collaboration. The idea is to create institutional capacity in the beneficiary countries so that there will be experts in the developing countries and the least developed countries that can continue researching these issues, prepare positions, analyse the impact of what is negotiated in the multilateral trading system. We organise two Geneva weeks per year for non-resident members and observers and intern programmes for government officials who can join the Secretariat to see how it works from the inside.

The last category of products is IT based. We have established a network of one hundred WTO reference centres in Ministries. Staff have been trained to find documents on the website, and to help researchers, parliamentarians and anyone who is interested in having more information.

Outreach activities consist of national workshops organised in response to specific requests from WTO Members and regional workshops organised jointly with partner institutions. Their objectives can be summarised as follows: (i) to foster greater understanding of and interest in the multilateral trading systems; (ii) to inform parliamentarians and civil society representatives about the basic operations of the WTO, key issues and the status of the current negotiations; (iii) to encourage dialogue and exchanges of views and ideas among key stakeholders about trade-related and development-related issues of particular relevance to them.

These events are two-way. We try to share information on the WTO work programme, but we also use them to listen and learn from Parliamentarians on the concerns and interests of their constituents.

**Ms Manuela Tortora**  
**Chief, Technical Co-operation Service**  
**United Nations Conference on Trade and Development (UNCTAD)**



I would like to focus on the main features that characterise UNCTAD trade related technical co-operation and capacity building.

For UNCTAD, having just celebrated forty years in existence, this is a good time to reflect but also to look forward. We have a consolidated experience of what it means to link trade and development. UNCTAD, since 1964, by mandate of the UN General Assembly, has been the United Nations' focal point for the integrated treatment of trade and development. This defines our difference as compared to the WTO. Obviously, we are a United Nations body, which means 192 member states with no accession procedures. Sovereign States automatically have a right to membership. Most importantly, UNCTAD is not a negotiating body; it provides three main functions.

Firstly, it provides the intergovernmental machinery, the consensus building process that helps before and after trade negotiations or on the formulations of trade and development policies. Secondly is the analytical work, the research work.

UNCTAD is primarily an analytical body. The third function is technical co-operation.

The three functions are linked, whatever we do in the field of trade-related capacity building is supported by our analytical work and we learn in the field how to do more research. We have been extremely active for more than twenty five years in consultation with civil society, with the private sector, with NGOs, with the academic community, all sort of players and stakeholders have been embedded in our work for many years.

Regarding the activities themselves, we distinguish between trade-related capacity building and WTO related capacity building. In our mandate, since we look at trade and development in a broad sense, WTO issues are just a small part within a broader agenda. For us, trade and development links mean assistance for developing countries, particularly LDCs, on how to formulate their own home grown trade policies and development strategies in an integrated way.

We have been extremely active on trade negotiations. As part of our overall vision of trade and development, since the Tokyo Round in the 1970s, the Secretariat of UNCTAD was already involved in supporting the negotiating capacity of developing countries. Obviously that kind of assistance was then developed and extended during the Uruguay Round because demand was increasing. Since 1999, we have had a very structured, series of programmes and projects, targeted to assist developing countries in their own trade negotiations. Not only at the WTO, but also at the regional and bilateral level because today such negotiations may be more important, from the development perspective, for many developing countries, than what is happening at the WTO.

Our technical co-operation, again, covering trade and development in the broader vision, represents one third of our budget. This differs from the WTO, as our resources for technical co-operation does not come from our regular budget; they all come from extra budgetary resources. This means that the nature of technical co-operation cannot be planned or predicted because it depends on multilateral and bilateral donors' policies.

Today we have some 300 projects ongoing, each tailor made, with its own budget, objectives, mandates and terms of reference. These are the result of consultations with the donor on one side and the beneficiary country on the other. We produce an activity only when we are quite sure that all the stakeholders are satisfied with the design of the operation.

I would like to conclude with a remark on our new mandates and work programme, based on the recent Ministerial conference that took place in Sao Paulo in Brazil last June. This conference set our work programme for the next four years, reaffirming our role within the United Nations system as the focal point for the integrated treatment of trade and development but also linking our work with the Millennium Development Goals and the link between the domestic and international economic environment and emphasising trade and poverty reduction as one of our main ideas and objectives.

**Mr David Luke, Senior Advisor**

**United Nations Development Programme (UNDP) Office in Geneva**



UNDP is not primarily a trade organisation. Our work on trade is related to a core mandate, which is that of the UN's development agency. It is primarily poverty reduction, human development, capacity development and that is our entry point as regards trade-related activities. In the trade-related activities, we have realised that you cannot make much progress on poverty reduction, on human development, if you do not situate the issues in the broader global context, in the broader global economy which, of course, in this age of globalisation, includes trade. Therefore, we provide policy advice at the country level in relation to our main poverty reduction and capacity development focuses. In this context, we also work with Parliaments and do some capacity development work. We work with other branches of government, the executive, and the judiciary on various capacity-related issues.

The main message that I want to leave with you is that, from our perspective as the UN's focal point on poverty related issues, all is not well with the trade capacity support agenda. UNDP

believes that there are two main challenges for coherence as far as trade capacity support is concerned.

First is the need for coherence between rich countries' trade and development assistance policies. One suggestion is that these are not necessarily fully coherent and fully in sync. On the side of developing countries, their poverty reduction strategies are not necessarily in sync with the trade support capacity initiative. There is still room for bringing trade capacity support more fully into the poverty reduction strategies. On the rich countries' side, the support that is going to trade capacity building is low. Some work that we have done in looking at the WTO/OECD trade database suggests that, in 2002, 3.6 percent of overall development assistance from the OECD countries was spent on trade capacity support. In 2003 this was 4.2 percent. What we want to suggest is that, even allowing for the increase, this is relatively small and there is room for raising it.

The third category, infrastructure is very general and not all of what is spent is actually meant to support trade as such. Infrastructure spending has been stable between 2000 and 2003: \$7.8 billion in 2000, \$8.4 billion in 2001 and just over US\$8 billion in 2003. We have tried to break down this expenditure to look at how much has been going into the average activity. This confirms our analysis that overall spending is relatively low. For 2001, an average of \$51,000 was spent on trade policies and regulations. For 2002 there was an average of \$38,000. Trade Development in 2001 averaged \$38,000, in 2002 an average of \$69,000. In my own view, these are really small sums which are not going to make a tremendous impact in terms of bringing developing countries up to speed, to take advantage of market access that is negotiated and so on. Clearly, there is room to increase trade capacity support.

The conclusion that we are drawing is that it is doubtful that such small expenditures are making much impact at a country level. There is also evidence that trade capacity support is concentrated in just five countries, China, Indonesia, Thailand, Uganda and Vietnam.

Therefore, clearly our view at UNDP is that there is scope to scale up and better distribute trade capacity support spending. Our work suggests that poor countries also need to do a better job of integrating the trade capacity support they are getting with their poverty development strategies. We have noticed that in the Poverty Reduction Strategy Papers (PRSP), in terms of their trade content, there is a better emphasis on trade and poverty related strategies. Our message at UNDP is that if we are asking the rich countries to be more coherent in terms of their provision of trade capacity support and in relation to their trade policies, then we are also asking poor countries to be more coherent in terms of integrating this support more fully into the poverty reduction strategies.

## DECLARATION

**adopted on 26 November 2004\***

1. We, parliamentarians assembled in Brussels for the annual session of the Parliamentary Conference on the WTO, welcome the July 2004 decision of the WTO General Council concerning the Doha Work Programme. The July package has raised hopes that the impasse of the Ministerial Conference in Cancún has finally been overcome, with a consensual roadmap now in place for moving the multilateral trade negotiations forward.

2. While we are encouraged by the renewed momentum, numerous grey areas must still be clarified in the negotiations in order to ensure a positive end result. Significant differences mark the positions of WTO Members on issues currently in dispute. Determination and political will to fulfil commitments are therefore required of all parties in order to bring the Doha Round to a successful conclusion. Parliaments bear a central share of responsibility in this respect.

3. We reiterate our commitment to the promotion of free and fair trade that benefits people everywhere, enhances sustainable development and reduces poverty. As legitimate representatives of our populations, we shall continue to oversee WTO activities and promote their effectiveness and fairness, keeping in mind the original objectives of the WTO as set out in the Marrakesh Agreement.

4. To be successful, WTO negotiations must involve all members of the Organization at all stages, and their overall results should permit consistency between national policy objectives and faithful adherence to international obligations. To that end, there should be a genuine balance of benefit for all WTO Members and acceding countries, ensuring fair and equitable relationships between exporting and importing countries as well as between developed and developing countries, with special emphasis placed on ensuring real gains for developing countries, and especially the least-developed countries (LDCs).

5. We stress the importance of lower industrial tariffs in particular to provide improved market access for developing countries, especially LDCs, better market access for non-agricultural products, the reduction or, as appropriate, elimination of tariff and non-tariff barriers to trade in environmental goods, and trade facilitation. Clear progress in these areas is needed to help the world trade system to function better and more effectively.

6. We welcome the July decision on agriculture, and call on WTO Members to continue working on the three pillars, namely:

- the elimination of all forms of export subsidies;
- a substantial reduction in trade-distorting domestic support; and
- market access.

7. We are keenly aware of the existence of complex areas in agriculture negotiations that are of direct concern to producers and consumers, exporters and importers alike. The negotiations reflect the critical importance of agriculture to the economic development and growth prospects of the majority of WTO Members and a real step in the right direction, which has to be further elaborated. The Framework for Establishing Modalities in Agriculture, adopted by the WTO General Council on 31 July 2004, fills in some details in this regard, but leaves most of the hard decisions to future negotiations, with no specified deadlines. There is a fundamental need to define and provide a framework for the notion of “sensitive product” and for the issues of special interest to developing countries, such as the establishment of special safeguard mechanism and the designation of special products by developing countries, as described in the 31 July Agreement. There is also a need to discuss further sectoral initiatives, differential export taxes and geographical indications.

8. Clear progress in these areas is needed to help the world trade system to function better and more effectively. We note in this regard that the so-called “peace clause” has expired, and that WTO Members are now free to exercise their right to challenge breaches of the rules. We believe that recourse to such challenges should be used sparingly, with the aim of encouraging the withdrawal of export subsidies while avoiding the introduction of further tension and distractions at this stage of the negotiations.

\* The delegation of Venezuela expressed a reservation regarding the text of the Declaration as a whole and its section dealing with trade in services in particular.

9. We urge the WTO and its Members to make information available as extensively as possible on national commitments in the agricultural sector that extend over the timeframe of these negotiations and have a direct bearing on the three reform pillars, as set out in the Framework, namely market access, domestic support and export competition. This information would provide a transparent backdrop for all Members, but especially developing countries.

10. We attach the highest importance to the pressing needs of developing countries dependent on the export of tropical agricultural commodities, notably sugar, bananas and cotton. Each of these has been the subject of disputes in the WTO. Consideration should also be given to the situation of developing countries dependent on export incomes from coffee, cocoa, pineapple, rice, and other monocultures. Strict attention should be paid to the specific trade, finance and development needs of developing countries, as enshrined first in the GATT and now in the WTO.

11. At each step of the ongoing negotiations, including those on regional trade arrangements, the concerns of developing countries in respect of poverty reduction, food security and sustainable livelihoods must be kept at the forefront. In order to enable the coexistence of the diverse agricultural systems of various countries, non-trade concerns of agriculture, which include food security, land conservation, revitalisation of rural society and rural employment, as well as the issues of sustainable forestry and fisheries, must also be addressed in a satisfactory manner.

12. Hunger and famine are still ravaging the poorest people in many countries. The issues of malnutrition and hunger deserve sharper focus in the negotiations on export competition. We emphasise in this regard on the one hand the responsibility of developed countries, which produce and export the bulk of food commodities, and on the other hand the need, and indeed the obligation, for developing countries to promote in earnest bold, proactive rural development policies. The solution to food security problems may lie in seeking a complementary relationship between developed countries, which should endeavour to support local production and regional markets in developing countries, and the developing countries themselves, which should set up the necessary production and marketing arrangements for agricultural commodities, with a view to gradually meeting their food needs. The special negotiations for which disciplines and commitments are to be negotiated must be clear, flexible and provide food-importing countries with the necessary leeway to protect and promote national food security. There is also a need to take a close look at the Food Aid Convention, the FAO consultative mechanism for surplus disposal and the FAO/WHO Codex Alimentarius.

13. We welcome the fact that the Framework pays special attention to the LDCs. We support the proposal that the developed countries, and those developing countries that are in a position to do so, should provide duty-free and quota-free market access for products originating from the LDCs.

14. We note with satisfaction that trade in cotton was given prominence in the Framework, and that a subcommittee on this subject has been established by the WTO and tasked to "achieve ambitious results expeditiously". We call on all parties concerned to ensure that these results reach the farmers in the developing countries in a timely manner.

15. Given the growing importance of the services sector in all economies and the expansion of trade in services, which involves the movement of natural persons and the cross-border provision of services, we acknowledge the decision of the WTO General Council to approve a number of recommendations aimed at advancing the negotiations on trade in services, the overall pace of which remains disappointing. Revised offers must be submitted by WTO Members in this regard by mid-2005, with the aim of satisfying the concerns of all countries concerned.

16. At the same time, caution must be exercised in the liberalisation of trade in services, especially services that relate to basic human rights and basic and essential needs such as those that provide for public health, education, culture, and social services. Liberalisation of such services should not be imposed by wealthier countries, nor should it be invoked in negotiations on export subsidies. This approach is consistent with the key principles of the General Agreement on Trade in Services (GATS), which allow for flexibility in opening services sectors to competition and for the exclusion of some sectors in whole or in part. Longer time frames for the implementation of market access will provide the necessary measure of margin for those developing countries where institutional arrangements are weak and negotiations on completing the rules are still unfinished. We also believe that every country has the right to protect its cultural diversity and to conserve and develop public services.

17. We stress the need to continue making progress in the area of trade-related aspects of intellectual property rights (TRIPS) and taking action against counterfeiting and piracy by promoting fair forms of competition. We underline the importance of providing technical assistance to developing countries in order to implement the TRIPS rules. Special attention should be given to the protection of biodiversity and access to essential low cost medicines.

18. We are convinced that trade-related capacity building, provided through appropriately delivered technical assistance, should remain an indispensable element of the current negotiations. Increased awareness leads on the one hand to more active participation by all WTO Members in the negotiations, and on other hand to a better

understanding of the relevant issues across the widest national spectrum, including Members of Parliament. This makes the outcome of trade negotiations more likely to be accepted.

19. We note in this regard that the commitments made at the Doha Ministerial Conference in 2001 are being followed up through increased activities by the donor countries, the WTO and other multilateral bodies. We encourage all parties to do more to build the essential human, institutional and economic capacities required to prepare for, negotiate and sustain the implementation of the WTO rules and disciplines. Special attention should be devoted in this regard to the needs of Parliaments, particularly in developing countries, which should become active partners in trade agreements.

20. We are convinced that Parliaments can make substantial contributions to the WTO negotiations. Parliaments embody the sovereignty of the people and can legitimately contribute to expressing the will of the people in international forums and promoting popular support for international agreements. We call on Parliaments and their members to help raise citizens' awareness and understanding of trade negotiations and the WTO. We urge governments and Parliaments to engage in a regular dialogue so that the latter can effectively exercise parliamentary oversight of the international trade negotiations and their follow-up.

21. We decide to hold the next session of the Parliamentary Conference on the WTO on the occasion of the Sixth WTO Ministerial Conference, scheduled to take place in Hong Kong from 13 to 18 December 2005. We call upon all WTO Members to include members of Parliament in their official delegations at the Ministerial Conference. We also call on our respective governments participating in that Conference to add the following paragraph to the final declaration: "The transparency of the WTO should be enhanced by associating Parliaments closely with its activities."

22. We instruct the IPU and the European Parliament to take the steps required, in the Steering Committee, to ensure that this declaration is followed up in the WTO Secretariat.

## **RULES OF PROCEDURE**

**adopted during the Brussels session on 26 November 2004**

The days when foreign policy, and more specifically trade policy was the exclusive domain of the executive branch are over. The WTO is rapidly becoming more than a trade organisation, having an ever growing impact on domestic policies and the daily life of citizens.

The Inter-Parliamentary Union and the European Parliament are therefore jointly organising a Parliamentary Conference on the WTO (hereinafter the Conference) that will meet at least once a year and on the occasion of WTO Ministerial Conferences. The Conference is an official parliamentary event that is open to the public.

### **ARTICLE 1 - Objectives**

1.1 The Conference is a forum for the exchange of opinions, information and experience, as well as for the promotion of common action on topics related to the role of Parliaments and the organisation of parliamentary functions in the area of international trade issues.

1.2 The Conference seeks to promote free and fair trade that benefits people everywhere, enhances development and reduces poverty.

1.3 The Conference will provide a parliamentary dimension to the WTO by:

- (a) overseeing WTO activities and promoting their effectiveness and fairness – keeping in mind the original objectives of the WTO set in Marrakech;
- (b) promoting the transparency of WTO procedures and improving the dialogue between governments, Parliaments and civil society; and
- (c) building capacity in Parliaments in matters of international trade and exerting influence on the direction of discussions within the WTO.

### **ARTICLE 2 - Composition**

2.1 Participants in the Conference are

- delegations designated by Parliaments of sovereign States that are members of the WTO;
- delegations designated by IPU Member Parliaments from countries that are not represented in the WTO; and
- delegations designated by the European Parliament, the Parliamentary Assembly of the Council of Europe, the Commonwealth Parliamentary Association and the Assemblée parlementaire de la Francophonie.

2.2 Observers to the Conference will be

- Representatives of international organisations and others who are concerned by issues of international trade and specifically invited by the Steering Committee on the basis of a list that has been approved jointly by the co-organisers; and
- representatives of governments of sovereign States that are members of the WTO.

2.3 The event will also be open to other persons with a specific interest in international trade questions. These persons may follow the work of the Conference without intervening in its proceedings and will have no speaking rights. They will be issued a security badge bearing their name only. They will not receive an official invitation or be accredited to the event.

### **ARTICLE 3 - Presidency**

3.1 The Conference is presided over jointly by the President of the Inter-Parliamentary Union and the President of the European Parliament, or their substitutes.

3.2 The Presidents shall open, suspend and close the sittings, direct the work of the Conference, see that the Rules are observed, call upon speakers, put questions for decision, make known the results of decisions and declare the Conference closed. The decisions of the Presidents on these matters shall be final and shall be accepted without debate.

3.3 The Presidents shall decide on all matters not covered by these Rules, if necessary after having taken the advice of the Steering Committee.

#### **ARTICLE 4 - Steering Committee and Secretariat**

4.1 The Steering Committee is jointly established by the Inter-Parliamentary Union and the European Parliament.

4.2 The Steering Committee is responsible for all matters relating to the organisation of the Conference and shall take decisions on the basis of consensus. All decisions taken by the Steering Committee shall, as appropriate, be circulated in writing and approved before the end of each meeting.

4.3 The Conference and the Steering Committee are assisted in their activities by the secretariats of the Inter-Parliamentary Union and the European Parliament.

#### **ARTICLE 5 - Agenda**

5.1 The Conference decides on its agenda on the basis of a proposal from the Steering Committee, which shall be communicated to the participants at least one month before the opening of each plenary session.

#### **ARTICLE 6 - Speaking rights and decisions**

6.1 Participants and observers have the same speaking rights.

6.2 Priority to speak shall be given to participants wishing to make a procedural motion, which shall have priority over the substantive questions.

6.3 The Conference shall take all decisions by consensus of the delegations of participants. Conference decisions shall be taken after due notice has been given by the President.

#### **ARTICLE 7 - Outcome of the Conference**

7.1 The draft outcome document of the Conference shall be prepared by the Steering Committee with the assistance of one or more rapporteurs and communicated to the participants sufficiently in advance.

7.2 Amendments to the draft outcome document shall be presented by the delegations as defined in Article 2.1 or by rapporteurs in English or in French with the amended parts clearly marked. Amendments shall relate directly to the text, which they seek to amend. They may only call for an addition, a deletion or an alteration with regard to the initial draft, without having the effect of changing its scope or nature. Amendments shall be submitted before the deadline set by the Steering Committee. The Steering Committee shall decide on the admissibility of amendments.

#### **ARTICLE 8 – Adoption and amendment to the Rules**

8.1 The Conference shall adopt and amend the Rules.

8.2 Any proposal to amend the Rules of the Conference shall be formulated in writing and sent to the Secretariat of the Conference at least three months before the next meeting of the Conference. The Secretariat shall immediately communicate such proposals to the members of the Steering Committee as well as to the delegations of the Conference. It shall also communicate any proposal for sub-amendments at least one month before the next meeting of the Conference.

8.3 The Conference shall decide on any proposal to amend the Rules after hearing the opinion of the Steering Committee, including on their admissibility.

## Press releases

Press Release

No.194, Geneva/Brussels, 15 November 2004

### **IPU AND EUROPEAN PARLIAMENT WILL HOLD A PARLIAMENTARY CONFERENCE ON THE WTO IN BRUSSELS**

Following the July 2004 breakthrough in World Trade Organization (WTO) negotiations, the Inter-Parliamentary Union (IPU) and the European Parliament will hold the annual session of the Parliamentary Conference on the WTO from 24 to 26 November 2004, at the European Parliament in Brussels.

Members of parliament from some 60 countries are expected to attend. The session will be an opportunity for them to exchange views and experiences with colleagues specialising in trade matters in other parliaments and to interact with government officials directly involved in the WTO negotiations.

The Brussels session, which will be co-chaired by the EP President, Josep Borrell, and by the IPU President, Chilean Senator Sergio Pérez, will follow up on previous sessions held in Geneva in February 2003 and in Cancún in September 2003, the latter in conjunction with the Fifth WTO Ministerial Conference.

According to the IPU President, "The Brussels session of the Parliamentary Conference on the WTO will provide members of parliament with an opportunity to examine recent developments in the WTO and to consider a possible parliamentary contribution to the revitalisation of the WTO process."

President Borrell said "The parliamentary dimension is important to carry the debate about trade issues into parliaments. Trade issues concern citizens in their daily life. They must be addressed close to the citizens, not only among government representatives, behind closed doors."

Parliamentarians will debate key areas of current WTO negotiations such as agriculture and trade in services from a development perspective. An interactive panel discussion on the significance of the July 2004 WTO General Council decision will take place on Wednesday, 24 November (3.45 p.m. to 6.30 p.m.), with government negotiators of the Group of Five (Australia, Brazil, European Union, India and United States of America) addressing the future of the Doha Round.

On Friday, 26th November, there will be a discussion with the WTO Director-General, Dr Supachai Panitchpakdi, from 10 a.m. to 12.30 a.m.

Press Release

No.195, Brussels, 26 November 2004

### **JOINT PRESS RELEASE**

#### **THE PARLIAMENTARY CONFERENCE ON THE WTO URGES GOVERNMENTS AND PARLIAMENTS TO ENGAGE IN A REGULAR DIALOGUE**

Around 300 members of parliament from 80 parliaments met in Brussels from 24 to 26 November 2004, at the annual session of the Parliamentary Conference on the WTO, which was jointly organised by the European Parliament (EP) and the Inter-Parliamentary Union (IPU). They adopted a Declaration in which they "urge governments and parliaments to engage in a regular dialogue so that the latter can effectively exercise parliamentary oversight of the international trade negotiations and their follow-up."

EP President, Josep Borrell, reminded participants at the opening session that the European Parliament had been one of the driving forces for the development of the parliamentary dimension of the WTO ever since the Seattle meeting of 1999. Parliaments, he said, had a vital role "as a bridge between people protesting in the streets and those negotiating behind the scenes." If globalisation was to be fairer and better organised, it was essential to take a balanced approach between "the three Ds: Development, Democracy and Doha," he said.

For IPU President Sergio Paez Verdugo, the fact that the WTO was “an exceptionally powerful international institution, whose influence goes far beyond trade matters” made it vital for it to interact with parliaments to “ensure it was under democratic control.”

Parliamentarians debated key areas of current WTO negotiations, including agriculture and trade in services from a development perspective. On Friday 26 November, an interactive session was held with WTO Director-General, Dr. Supachai Panitchpakdi, who stated “I cannot emphasise enough the importance of having our colleagues in parliaments involved as closely as possible in the WTO’s work of making economic development work for all countries. It is always our goal to promote multilateralism - there really is no alternative for sustained economic development. All countries, big and small, must be able to participate in drawing up trade rules which are fair for all.”

In the Declaration, which was adopted at the closing session, the parliamentarians welcomed the July 2004 decision of the WTO General Council concerning the Doha Work Programme, the parliamentarians stated that this “raised hopes that the impasse of the Ministerial Conference in Cancun has finally been overcome, with a consensual roadmap now in place for moving the multilateral trade negotiations forward.” The Declaration also confirms the substantial contributions that parliamentarians can make to the WTO negotiations and calls upon the respective governments to include members of parliaments in their official delegations at the Sixth WTO Conference, in Hong Kong (13 - 18 December 2005), and to include in the final Ministerial declaration the following paragraph “Transparency of the WTO should be enhanced by associating parliaments closely with the activities of the WTO”.

The parliamentarians decided to hold the next session of the Parliamentary Conference on the WTO, on the occasion of the Sixth WTO Ministerial Conference in Hong Kong, in December 2005.

