

ANNUAL SESSION

PARLIAMENTARY CONFERENCE ON THE WTO

GENEVA, 21-22 MARCH 2011



INTER-PARLIAMENTARY UNION

2011



EUROPEAN PARLIAMENT

ANNUAL SESSION

**PARLIAMENTARY
CONFERENCE ON THE WTO**

GENEVA, 21-22 MARCH 2011

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ANNOTATED AGENDA OF THE SESSION

1. Adoption of the agenda

2. Debate on substantive themes:

(a) Multilateralism in the midst of the rising tide of bilateral and regional trade pacts

The international trading system looks increasingly fragmented and multi-layered. Do regional trade agreements and bilateral arrangements present a challenge to the credibility and viability of the WTO? Is multilateralism still the best option to harness globalization and manage interdependence?

(b) Rebalancing the rules of the multilateral trading system in favour of the poor

The objective of development, with particular focus on trade-related needs of the least developed countries, is central to the Doha Development Agenda, which seeks to redress asymmetries and imbalances affecting these countries. Despite the promise made at the start of the Doha Round, tangible results in the area of development are yet to be seen. How can parliaments help break the deadlock? What reforms are necessary to ensure that developing countries can benefit from the increase of their share of world trade and can reduce poverty?



3. Hearing with the WTO Director-General

It has become customary for the WTO Director-General to meet with parliamentarians specializing in international trade. During this interactive session, which is not unlike traditional parliamentary hearings, the Director-General will answer questions and listen to brief comments from the delegates.

4. Dialogue with senior WTO negotiators

Trade and sustainable development: from collision to cohesion

Sustainable development is at the core of the WTO's mission. However, the pace of negotiations under the Doha mandate related to environment leaves much to be desired and appears to be subdued to progress on other negotiation tracks. As Ambassadors directly involved in WTO negotiations, the distinguished panellists are best placed to ponder on the subject of an optimum form of interlinkage between the need to promote international trade and sustainable development.

5. Interactive panel discussion

Connecting to society: Trade policy-making in the era of mass communication

The efforts of the WTO to make the multilateral trading system better understood have borne some fruit recently, but accusations that the system lacks transparency and accountability still persist. In the era of new communication technologies, what possibilities are there to connect more effectively the WTO to society? What role should the legislator play in this regard?

6. Adoption of the outcome document

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

PROGRAMME OF THE SESSION

Monday, 21 March

- 09:00 - 12:30 Pre-Conference session of the Steering Committee (*in camera meeting, IPU Headquarters*)
- 10:00 - 18:00 Registration of participants
- 15:00 - 15:30 **Inaugural session**
Senator Donald H. Oliver (Canada), Member of the IPU Executive Committee
Mr. Stavros Lambrinidis, Vice-President of the European Parliament
Ambassador Yonov Frederick Agah (Nigeria), Chairman of the WTO General Council
- 15:30 - 15:40 **Adoption of the agenda and other organizational issues**
- 15:40 - 18:00 **Debate on substantive theme (a):**
Multilateralism in the midst of the rising tide of bilateral and regional trade pacts
Rapporteurs
Senator Luis Alberto Heber (Uruguay)
Mr. Paul Rübig, Member of the European Parliament
Discussant
Mrs. Ditte Juul-Joergensen, acting Director, WTO Affairs, Directorate-General for Trade, European Commission
- 18:00 Reception
- 20:00 - 22:00 Steering Committee (*in camera meeting, IPU Headquarters*)

Tuesday, 22 March

- 09:30 - 11:30 **Debate on substantive theme (b):**
Rebalancing the rules of the multilateral trading system in favour of the poor
Rapporteurs
Mr. Lormus Bundhoo, MP (Mauritius)
Mr. Helmut Scholz, Member of the European Parliament
Discussant
Ambassador Anthony Mothae Maruping (Lesotho),
Chairman of the WTO Committee on Trade and Development

11:30 - 13:00 **Dialogue with senior WTO negotiators**
Trade and sustainable development: from collision to cohesion

Ambassador Manuel A.J. Teehankee (Philippines),
Chairman of the Special Session of the WTO Committee on Trade and Environment

Ambassador David Walker (New Zealand),
Chairman of the Special Session on Agriculture

Ambassador Hiswani Harun (Malaysia),
Chairperson of the WTO Committee on Trade and Environment

Mr. Bruce Christie (Canada), Deputy Permanent Representative to the WTO

13:00 - 15:00 Lunch break

15:00 - 16:00 **Hearing with the WTO Director-General**

16:00 - 17:40 **Interactive panel discussion**
Connecting to society: Trade policy-making in the era of mass communication

Moderator

Mr. Niccolò Rinaldi, Member of the European Parliament

Panellists

Mr. Jamil Chade, journalist, "O Estado de S. Paulo" (Brazil)

Mrs. Hedayat Abdel Nabi, journalist (Egypt), President of the Press Emblem Campaign

Mr. John Zarocostas, journalist, "The Washington Times" (USA),
President of the Association of Correspondents to the United Nations

17:40 - 18:00 Closing session



INAUGURAL CEREMONY

ADDRESS BY SENATOR DONALD OLIVER (CANADA),
MEMBER OF THE IPU EXECUTIVE COMMITTEE,
COORDINATOR OF THE IPU DELEGATION
TO THE CONFERENCE STEERING COMMITTEE



His Excellency, President of the WTO General Council,
Distinguished representatives of governments and international organizations,
Fellow parliamentarians,
Ladies and gentlemen,

I have great pleasure in welcoming you to the annual session of the Parliamentary Conference on the WTO. A product of the collaborative efforts of the IPU and the European Parliament, the Conference is a unique tool for parliamentary scrutiny of international trade policies. The IPU believes in it very strongly.

Indeed, throughout its entire history, the IPU – the world organization of parliaments – has been proactively engaging legislators in international cooperation. Trade between nations is one of the cornerstones of this design.

Parliamentarians from all over the world are joined at our Conference by trade diplomats, officials of international organizations, and representatives of the academic community and mass media. I extend to all participants and observers the cordial greetings of the IPU President, Dr Theo-Ben Gurirab, who is unfortunately unable to attend due to political commitments in his country, Namibia.

For the first time in its eight-year history, the Parliamentary Conference is holding its session on the premises of the WTO. To a mere outsider, this might look like just another meeting among the

8000 meetings that take place at WTO Headquarters every year. For parliamentarians, however, this is a long-awaited and politically symbolic step along the way to endowing the WTO with a meaningful parliamentary dimension.

By playing host to a meeting of legislators specializing in international trade, the WTO has shown its willingness to enhance its transparency and open itself to a greater degree of democratic oversight and accountability. We salute this development. Our gratitude goes first of all to the WTO Director-General, Mr. Pascal Lamy, who has been very supportive of this initiative. Sincere thanks are also due to his colleagues at the WTO Secretariat for their exemplary cooperation and hospitality.

Mr. Lamy will join us for a special hearing tomorrow. Ever attentive to questions from parliamentarians, he will bring us up to date on the latest developments in the Doha Round. Let's make sure that we use this opportunity. As national policymakers, we need to identify more clearly, for example, what elements constitute the famous "narrow but real window of opportunity" that is often evoked in connection with prospects of concluding the Round by the end of this year, 2011.

We share the view that the time to get serious about Doha is long past. The issues that have stalled the negotiations are real, but they can be resolved if negotiators keep in mind the benefits of success and the costs of failure.



A successful deal would not only provide a debt-free stimulus for the global economy, but could also be an added spoke in the wheel of protectionism at a time when the world is still recovering from the consequences of the financial and economic crisis. The worst fears of global retreat from free trade have not been realized. Even so, "legal protectionism" has propagated in government procurement, investment and other areas not fully covered by WTO rules. New agreements in the Doha Round could spell out an insurance policy that would enhance the continued flow of growth-generating global trade.

Inversely, the costs of not reaching an agreement would be prohibitive. Among other things, they would result in a proliferation of bilateral and regional trade agreements, perhaps in ways that would frustrate global hopes of an overall gain in jobs and growth. Convinced of the pivotal importance of this aspect, the Steering Committee of the Parliamentary Conference on the WTO has decided to devote one of the two thematic debates to this very subject.

The second theme deals with rebalancing – rebalancing the rules of the multilateral trading

system in favour of the poor. The objective of development is central to the Doha Development Agenda. Governments have made various pledges and pleas at the start of the Round, but tangible results in this area are yet to be seen. Can parliaments help break this deadlock?

We will listen to the views of parliamentary delegates from both developed and developing countries. In addition, we will benefit from the experience and inside knowledge of trade negotiators whose job it is to follow these issues on a daily basis in the WTO Committee on Trade and Development.

In fact, it is our intention to make dialogue and interaction between parliamentarians and WTO negotiators a distinct feature of the entire session. An exciting feature, too, may I add. After all, what can be more interesting and useful for us, legislators dealing with trade matters in our respective parliaments, than to engage with top-level WTO experts who are the best-placed to know because it is they who actually lead the Doha negotiations?

The subject chosen by the Steering Committee for the corresponding segment of the session's programme focuses on the delicate interlinkage between trade and sustainable development, which should give rise to a very timely debate. I am sure that you have many questions to ask our distinguished ambassadors – just as you do in parliament during questioning time with ministers and other government officials.

The concluding panel of the session will be somewhat different. For once, we have invited not trade diplomats and renowned international experts, but journalists – those who write about the WTO and influence the way millions of people think about globalization and trade. There are many aspects of this relationship that may require clarification. Not all questions can be dismissed off-hand by simply suggesting not to blame the mirror. We can have an interplay of ideas that would be of interest and use to all sides, including parliamentarians, of course.

The IPU and European Parliament, as the co-organizers of the session, have invested much time and energy in its preparation. We hope that it will be crowned with success and look forward to a rich and constructive debate in the true parliamentary tradition.

With these words, let me officially declare the annual 2011 Session of the Parliamentary Conference on the WTO open.

INAUGURAL CEREMONY

ADDRESS BY MR. STAVROS LAMBRINIDIS,
VICE-PRESIDENT OF THE EUROPEAN PARLIAMENT



Members of Parliament,
Ambassadors,
Delegates,
Distinguished guests,
Ladies and gentlemen,

It is an honour and true pleasure for me as well to welcome you to the Seventh Parliamentary Conference on the WTO. This Conference is jointly organized, as you have just heard, by the European Parliament and the IPU, and let me use this opportunity to express a special word of gratitude to our partner, the IPU, for having undertaken the main responsibility in the practical organization of this event. Thank you to the IPU.

Also, as Senator Oliver mentioned, this is the first time in our history that we are officially meeting on the premises of the WTO. This has major symbolic and practical advantages. Thank you, by the way, Mr. Pascal Lamy for your strong support of this bond between the parliaments and WTO.

Dear friends, at a time when we see the structure of global economic governance undergo major changes, and when systemic failures such as in the financial markets have been revealed, our involvement is more important than ever. We do not represent numbers or markets, we represent people. The successful conclusion of the Doha Round, especially in today's unstable world, could put more of our people to work, could free up the world's developmental potential, and could generate greater security for our societies. It is our responsibility to

keep the pressure on the distinguished ambassadors to get the job done, correctly, fairly and equitably, and by the end of the year.

Our first role as parliamentarians, of course, when it comes to trade policy in particular, is to be a watchdog, to monitor the actions of our governments and to ensure that they are accountable to us and to our people. We have a duty to ensure the effectiveness of international trade negotiations, guaranteeing transparency and fairness. This has been what the WTO itself recognized was lacking for a number of years; this is what we are trying to correct today. Secondly, we are asked to examine and to ratify the international agreements that come out of this process, so obviously our participation and our own understanding of the results of these negotiations is going to be extremely important when the agreements come to our parliaments. Thirdly, as you need legislative implementation for effective liberalization, we must draw up laws to enforce and support these international agreements in our parliaments. So there are three things at least that we have to do, and therefore our involvement here is anything but decorative. It is substantive and extremely important.

Now, our last meeting was in September 2008. The atmosphere then as many of you may recall, just after the failure of the July 2008 WTO mini-ministerial meeting, was rather heavy. This session, on the other hand, takes place in a very different political context. Today, we finally have high hopes that renewed engagement could possibly lead to

a conclusion of the Doha Round. Our message as parliamentarians at this Conference has to convey a shared sense of urgency regarding the negotiations, and should support all efforts towards a satisfactory agreement before the end of the year, in the interests of all concerned. We may not be in the actual negotiating rooms, but we do have the political will and we can exercise political pressure, and this is what I think we should definitely do in these two days.

If this great effort is to succeed, we must avoid being held hostage, either to protectionists or to perfectionists. As Pascal Lamy has mentioned, we have to be realists. This will not be easy. The final result must be measured in terms of the balance across negotiating groups, and in terms of developed countries, emerging or developing ones, and least developed countries. A pertinent agreement must deliver on both sound and consolidated liberalization and new market access. All WTO members without exception must engage in real negotiation. The time to wait for someone else to make the first move

is over. We should be adamant about this because at the moment, things appear in some areas to be moving more slowly than all of us would desire. I do not think it is difficult for any of us to understand, particularly at a time of world crisis, that if WTO is not able to reach an agreement that can promote everyone's interests, and we move on to a world of increasing bilateralism, this will create a lot of insecurity and will certainly not guarantee growth and jobs for all.

Dear colleagues, as the Vice-President of the European Parliament, let me take a couple of minutes to underline the change in our powers in these major decisions. As many of you may know, we have had a peaceful democratic revolution in the European Parliament with the Lisbon Treaty last year. In the field of international trade, we now have a new impetus to participate more actively both in the Parliamentary Conference on the WTO and in all the proceedings in Geneva. The European Parliament has extended powers, especially in the European Union's Common Commercial Policy, which has,

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at its heart, the WTO and the multilateral process. We are now co-legislators in this policy area. No decision can be made at the European Union level without us negotiating on it and agreeing on it together with the European Council.

I can assure you that we, the European Parliament, take this role very seriously, and we are already making our mark in the trade policy of the European Union. Let me give you some examples. We recently gave our consent to the European Union – Republic of Korea Free Trade Agreement, the most ambitious trade agreement negotiated by the European Union so far. In February 2011, we gave the green light to the 2009 Geneva deal on banana trade tariffs, putting an end to the world's longest running trade dispute, and this Wednesday, only two days from now, we are expected to give our consent to the roll-over of the generalised system of preferences (GSP) regulation, ensuring the continuation of trade preferences for developing countries without interruption until the end of 2013.

Over the next two days, we shall be addressing WTO negotiations, with a special focus on sustainable development. We will examine the relation between multilateral and bilateral agreements, and also look at how we can make the multilateral trade system work better for the poor, acknowledging that development is, of course, at the heart of the Doha Development Agenda.

Finally, we will discuss how we can make the multilateral trading system better understood, and how to better connect WTO with society. As parliamentarians, we have an important role to play in this respect. We provide a vital link between populations, civil society and governments. We can

help to explain how the trade system works, what its advantages are, or can be, while we also need to be able to voice the concerns of our citizens.

Dear friends, in this difficult time, if we politicians simply follow fears, if we don't play the fundamental role of educating and leading in this very difficult process and if we don't use our experiences to build the consensus necessary, then in my view, we will have failed majorly in our role. Fear around the world today, economic fear and other fears, tends to take precedence over everything else. If we allow that to happen, we will all end up shutting ourselves within ourselves. There can be nothing more catastrophic – not just for the economy, but also for democracy in the world – if these kinds of important agreements cannot be concluded because of fear. We need strength.

These three topics I have underlined touch the foundation of the issues that concern the future of the WTO itself and of the multilateral system, and any eventual review of these following the conclusion of the Doha Round, hopefully this year.

I wish you all a successful session. I hope that the Conference will further contribute to mutual understanding and send a clear message to all the distinguished ambassadors and governments of the need to conclude the deal before the end of this year. Finally, I hope it will contribute to greater involvement of parliamentarians and the general public in trade policy, because without this, our mission might well fail.

I assure you that the European Parliament is deeply and firmly committed both to the parliamentary dimension of the WTO and to the successful completion, now, of the Doha Round.

INAUGURAL CEREMONY

ADDRESS BY AMBASSADOR
YONOV FREDERICK AGAH (NIGERIA),
CHAIRMAN OF THE WTO GENERAL COUNCIL



Excellencies,
Distinguished parliamentarians,
Ladies and gentlemen,

Allow me first to say how pleased I am to be here with you today and to be participating in this inaugural ceremony of the annual session of the Parliamentary Conference on the WTO. As you have heard, this is the first ever to be hosted by the WTO, and this fact is testimony to the growing relationship between the WTO and parliamentarians, and to your role in international trade and WTO activities.

You, the Parliamentary Conference on the WTO have been following our work and, in particular, the Doha Development Agenda closely since its launch in 2001. This is as it should be – your understanding of international trade is essential to fulfilling your constitutional role in ratifying WTO agreements and in ensuring the transparency and legitimacy of our activities.

I am aware of the increasing outreach activities by the WTO Secretariat which seek to inform and engage with parliamentarians on issues related to the Doha Development Agenda. In my opinion, this interaction reflects not only the growing awareness and interest among your constituency, but it also stands testimony to the continued and ever-increasing transparency and accountability of the multilateral trading system.

Today, the world is faced with very real and complex difficulties: food prices are rising; unemployment

levels across the world continue to tear at the core fabric of our societies; we have witnessed an unprecedented sequence of natural disasters; and there has been tremendous political unrest. All these factors have, in different proportions and magnitudes, contributed the sombre state of the world economy. This is the grim backdrop against which the multilateral trading system currently operates.

The situation is challenging but, I'm sure you will agree, not hopeless. Signs of hope have already begun to emerge. For instance, compared to the same period one year ago, the value of world merchandise trade increased by 17 per cent in the fourth quarter of 2010, and trade values have now recovered to pre-crisis levels. Trade volume is forecast to grow by 13.5 per cent in 2010. This is light at the end of the tunnel.

International trade has continued to play its vital role as the engine of growth for the world economy. But it needs a serious and urgent refuelling to be able to play more fully its critical role in global recovery, and more so, at this time of social and economic hardship. Clear, strong and unequivocal messages of political confidence and determination to conclude the Doha Development Agenda negotiations are part of the signals the world urgently needs as a contribution to global economic recovery. This gathering provides such an opportunity, and I urge you all to seize it.

Let me now briefly provide you with an update of the state of play in the Doha negotiations. Since

early this year, in line with a clear commitment by the G20 and APEC leaders – which was further bolstered by Ministers at Davos – to conclude the Round in 2011, work has intensified in all areas and at all levels – multilateral, plurilateral and bilateral. There has been a marked positive change in both mood and gear in the negotiating groups and in the bilateral and plurilateral consultations.

Members are working towards developing texts in all areas by around Easter, producing a comprehensive package by July, and finalizing the Round by the end of 2011. There is tacit agreement that progress should build on what has already been achieved and that the “acquis” should not be unravelled. Members have also agreed, within the cocktail approach in which they have been operating, to continue a process of variable geometry of meetings, but to work with full respect for transparency and inclusiveness. Development remains at the core of this negotiation.

While there has been meaningful progress in many areas and work is advancing on developing draft language and textual proposals, the pace is not only too slow, but lacks the substantive breakthroughs that would enable members to meet the goals they have set for themselves. Bluntly put, there is a need for urgent and major acceleration of work at all levels – multilateral, plurilateral and bilateral – that will produce the raw material for the negotiating group chairs to develop texts.

Greater leadership, courage, political engagement and hard bargaining are fundamental if we are to conclude the Doha Round in 2011. I cannot stress enough that parliamentary support in this endeavour is crucial, and I appeal to you to support and encourage your negotiators to achieve this objective. Failure to act now – before this very narrow window of opportunity closes further – will be very hard felt by a world that is looking to us for some good news, and could seriously weaken the multilateral trading system that has served the world so well for so long.

The WTO is currently in a period that could go down in history as a time when its Members collectively showed the faith and courage to make the tough but necessary decisions that enabled a balanced and ambitious conclusion of the Doha Round. We have the opportunity to contribute to urgently required global economic recovery, to create opportunities for more market access, to contribute to job creation and to contribute to development gains. We would be unwise if we let this opportunity pass us by. I will be counting on your invaluable help to make sure that this history is recorded as a success for the world at large. Now, more than ever, is the time for all to work together for a common good.

I thank you and wish you all a productive annual session.



OUTCOME DOCUMENT

Adopted by consensus on 22 March 2011

1. We, parliamentarians assembled in Geneva for the annual session of the Parliamentary Conference on the WTO, welcome the signs of renewed energy and broader engagement by WTO Members in the negotiations on the Doha Development Agenda. The recently injected political momentum should be used to bring the Round to a successful, ambitious, comprehensive, fair and balanced conclusion that is consistent with its original mandate and builds on advances made so far. We encourage WTO Members to seize the narrow but real window of opportunity to conclude the Round by the end of 2011.
2. Convinced that multilateralism remains the best option to harness globalization and manage interdependence, we reaffirm our commitment to the universal, rules-based, open, non-discriminatory and fair multilateral trading system as embodied in the WTO.
3. International trade is a powerful engine of sustained economic growth and development and is required for the achievement of the Millennium Development Goals. Against the background of a deep and widespread economic downturn, the multilateral trading system has proven its value. The very existence of WTO disciplines, rules and binding mechanisms played a crucial role in weathering the threat of protectionism and jumpstarting the economic recovery.
4. The needs and interests of developing countries, in particular the least developed countries, are at the heart of the Doha Development Agenda, which seeks to redress asymmetries and imbalances affecting them. Beyond greater market access opportunities, it is important for small and vulnerable economies, including the least developed countries, that special and differential treatment be made more effective, meaningful and operational across the negotiating areas and through greater policy flexibility and binding commitments on technical assistance and capacity building. We call upon developed countries that have not yet done so to provide immediate, predictable, duty-free and quota-free market access on a lasting basis for all products originating from the least developed countries. Developing economies that are advanced enough to do so, or declare themselves in a position to do so, should also contribute to this process.
5. The Doha Round is premised on the consensus that, to be concluded satisfactorily, the negotiations should advance in all domains under a single undertaking. Recognizing the paramount importance of progress in areas such as agriculture, non-agricultural market access, services, rules and trade facilitation, as well as the Dispute Settlement Understanding, we call on WTO Members to accelerate their work also on special and differential treatment provisions, the development-related mandate concerning the TRIPS Agreement,

implementation-related issues and concerns, transfer and dissemination of technology, and access to knowledge for the benefit of developing countries.

6. We believe it is important to ensure that market opening and fair trade liberalization go hand in hand with sustainable development, which contains three pillars: economic development, environmental protection and social development. Drawing from the lessons of the financial and economic crisis, we also see the need for greater coherence between the different segments of global governance, including the WTO, the Bretton Woods institutions, the United Nations, ILO and other like-minded organizations. Sustainable global development policies are inconceivable without better coordination between these multilateral organizations, which share to a large extent the same objectives.
7. In order to make the WTO a truly universal organization, we underscore the requirement to facilitate the accession process for all developing countries, and in particular the least developed countries, while fully respecting the need for special and differential treatment. We call for the removal of political obstacles that stand in the way of ensuring the inclusiveness and universal character of WTO membership and for greater flexibility towards the least developed countries.
8. The protracted Doha Round negotiations have underscored a systemic need to improve the functioning of the WTO as a negotiating forum. It is necessary to rethink its processes and decision-making structures. We encourage WTO Members to give thorough consideration to relevant ideas and proposals, progressively forging a consensus on ways to do this. We are convinced that this should be done so as to strengthen the democratic character and legitimacy of the system, in particular for members with less economic power, and by devising a modus operandi that can reconcile efficiency and equity in negotiations.
9. We are convinced of the need for a strong and effective parliamentary dimension to the WTO and welcome the fact that, for the first time ever, an annual session of the Parliamentary Conference on the WTO takes place on the premises of this intergovernmental organization. Parliamentarians, as elected

representatives of the people, have a duty to provide effective oversight of international trade negotiations, ensuring their transparency and fairness at the international and national levels. It is also their responsibility to remain vigilant so that the multilateral trading system contributes to sustainable development for all, taking fully into account the special and differential needs and capacities of developing countries, in particular the least developed countries.

10. The road to fairer and more equitable international trade starts with the conclusion of the Doha Round. We, as parliamentarians, therefore, call on all parties - both developed and developing countries - to show greater leadership and flexibility to make the necessary breakthroughs that will enable a successful outcome. We call on our parliamentary colleagues around the world to use all the means at their disposal to convey to their respective governments our shared sense of urgency concerning the present state of WTO negotiations. It is imperative to change gear, fuelling and sustaining the momentum in order to bring the negotiations to a close by the end of the current year.



HEARING WITH THE WTO DIRECTOR-GENERAL, MR. PASCAL LAMY



INTRODUCTORY REMARKS

Let me start my remarks with a big thank you to all of you for having suggested and then decided to organize your conference under the WTO roof. It is an honour for us and a boost for the democratic credentials of our Organization, and I am very grateful to you for this. I have of course found the programme for your conference very impressive. Your themes, messages and views are very much along the lines of what we hear from our Members when these topics are discussed within the WTO. I think the entire membership of the WTO stands to benefit from the unique perspective world parliamentarians are able to bring to these different topics. Your views help us to achieve a better understanding of your people's needs and expectations, and to correct, or even change, WTO's course, if necessary.

What I would like to focus on in these few remarks is the crucial moment in which WTO finds itself. The Doha Development Agenda, which was launched in December 2001, is clearly now entering a critical phase, and what has been called its last window of opportunity. The agenda of this Round comprises many different topics, including some relating to the opening of markets and to tariff or subsidy reductions on industrial or agricultural goods, and to greater trade opening in services. Many topics are of a more regulatory nature and seek to improve the rules-based system within which international trade takes place. These include the relationship

between the WTO and Multilateral Environmental Agreements, and trade facilitation. I want to stress that the rules based component of the round is just as vulnerable as the market access element. The rules of the multilateral trading system prevent the law of jungle from prevailing in international trade relations. If you look for instance at the disputes which are brought to the WTO for settlement, you will find that many, if not most, have to do with the rules of trade and not with the violation of tariff or subsidy commitments.

Negotiators have made headway on many of the thorniest issues in these negotiations over the years. While the negotiations sometimes cut along North-South lines, they increasingly often cut across North-North lines or South-South lines. Some of the trickiest remaining issues that you will have heard about, and which do not cut along traditional North-South lines, include: defining the exact set of disciplines that will prevail in the fishery subsidies area; how the special safeguard mechanism will operate in the agricultural area to protect some developing countries from sudden price drops or sudden surges in volumes of imports; and how to raise ambitions across the board in industrial goods, in agricultural goods, and in the services trade.

Although some of the remaining issues are quite technical in nature, those that will probably have caught your attention are more political. In order to meet everyone's expectations and to conclude the round during this year, as has been called for by the G20 and APEC leaders, the membership agreed

at the beginning of the year on a sequence of steps. The next step is for the chairs of the various negotiating groups to capture the level of progress that has been achieved thus far by tabling a draft compromise text by Easter. This will give an across-the-board, transparent picture of the remaining gaps that will need to be addressed, and will provide a tool to move into a more horizontal phase of the negotiations after Easter. Of course it is important to recognize that texts are not an end in themselves, they are a tool to facilitate the conclusion of the Round. If we fail to produce texts by Easter, it will be tantamount to questioning the objective of concluding the Round before the end of this year.

There are of course many reasons why we should conclude our Round, not least because of the much needed boost it would give to the global economy, which, although recovering, it is still more shaky than we would all wish. It would also be a vote of confidence in the resilience, utility and credibility of the multilateral trading system and would further the efforts against protectionism, which have helped to protect our Members during the economic crisis. The world trade system is as open today as it was at the beginning of the crisis, and overall, there has been no shrinkage of the openings in world trade. In the current turbulent times, the WTO must act as a catalyst of trust and unity through the conclusion of the Round, and must make a contribution to a more stable world. As a WTO in crisis is not what is expected of responsible members of the international community, let us not weaken one of the best examples of a reasonably well functioning international corporation.

There are many other reasons why we should strive to conclude the Round. Food security is a major preoccupation for many governments across the globe, and the Doha Round will help to establish a level playing field in agricultural trade by shifting some agricultural production to the South and giving the developing world a fairer chance to compete. This is what the developing world has fought for in this Round and this is why many developing countries call this negotiation the agricultural round. Increases in food prices have a lot to do with an unbalanced relationship between a growing demand and supply, and by dismantling some of the artificial barriers that prevent food from travelling across the globe, the Round will make it easier for supply to better respond to demand.

I also hope that the Round will somehow address the issue of export restrictions and put an end to

policies that improve the food security of some at the expense of others. It is however, of paramount importance to ensure that humanitarian aid provided through the World Food Programme is not cut off through such sudden measures. The Round can also contribute to mitigating climate change and allow for more trade opening in the kind of environmental goods and services that could lower our collective carbon footprint. Trade in goods such as solar panels, windmills and environmental consultancy services should be promoted, rather than impeded through tariffs or non-tariff barriers. Success in this part of the negotiation will demonstrate that the multinational trading system can respond to environmental needs. The Round also gives special attention to the world's least developed countries, including through the provision of duty-free and quota-free market access.

In parallel to the efforts to conclude the Round, we are also working on strengthening Aid-for-Trade, which aims to help developing countries improve their capacity to translate market opportunities into trade reality. The Third Global Review of Aid-for-Trade will take place in July in Geneva and will help us look at the impact that Aid-for-Trade is having on the ground, and at what is and is not working. We have received more than 250 case studies so far and I would encourage you to follow the results of this Review closely and to ensure that you, as parliamentarians, make Aid-for-Trade part of your trade landscape at home.

The Fourth United Nations Conference on the Least Developed Countries, which will take place in less than two months in Istanbul, will give us a unique opportunity to evaluate the progress made in ensuring that there are fewer LDCs than there were 10 years ago when the previous conference took place. Trade has a role to play in empowering the world's poorest countries to fight their way out of poverty, and I hope that the Conference will result in a robust outcome on trade, and on trade capacity building. I am confident that by the time of the Conference, we will be well on course to welcome Vanuatu, an LDC, as a new Member of WTO.

In concluding, I would like to say that the Doha Round is as relevant to the world today as it was when it was launched, but I am conscious that we cannot conclude the negotiations without your explicit engagement and support. I look forward to hearing your views and questions.

EXCERPTS FROM THE DEBATE



Mr. Z. Siddique (Bangladesh)

Perhaps the single most important issue for the LDCs in this Round is the implementation of the duty-free and quota-free market access commitment. However, as yet, there is no clarity on the issue. As LDCs do not know what they will be offered, it difficult for them to assess the value of the deal. I hope that the concerns pertaining to the cotton issue will be urgently addressed in favour of the cotton-producing countries and African LDCs. We fervently hope that special and differential treatment will receive top priority in the negotiations and that the Doha Round will be concluded at the earliest possible opportunity.



Mr. M. Kazak (European Parliament)

There is considerable pressure in the European Union to adopt legislation to prohibit the import of meat from cloned animals. However, in many of our trading partners, there is no means of tracing

such meat. If the European Union were to reach agreement on such legislation, what would the consequences be in the view of the WTO?



Mr. O. Al Kurdi (Saudi Arabia)

What is the role of VAT in facilitating negotiations on market access? What can we expect to achieve in the negotiations on agriculture before the end of the year? What is the role of dispute settlement system in the light of the fact that the majority of disputes are South-South or North-North disputes?



Mr. Lamy (Director-General of the WTO)

What has already been agreed with regard to the duty-free and quota-free access is that developed countries, and developing countries in a position to do so, will open at least 97 per cent of the number of their tariff lines to duty-free and quota-free exports from LDCs. What is not yet clear is who will retain the capacity to exclude a number of tariff lines from this duty-free and quota-free commitment, and the tariff lines that will be excluded. For the moment, countries have ceiling tariff commitments from the Uruguay Round. Once political agreement has been

reached across the board in the negotiations, the technical phase of the negotiation will begin and each WTO Member will notify the Organization the changed schedule of its tariff lines. Only at that time will there be full clarity on the new tariff structure.

As to the question regarding the import of meat from cloned animals, I really hate to answer questions that have yet to arise. To my knowledge there has not yet been any decision within the European Union to prohibit the import of cloned meat although internal discussions are ongoing. If the European Union were to reach an agreement on a proposal, and if the matter were brought to the WTO dispute settlement body, we would apply those rules and phytosanitary provisions available to us that permitted restrictions to trade in the event of damage being caused to human kind or to flora or fauna. The rules would be interpreted and applied on a case by case basis through the dispute settlement process.

With regard to the questions from Saudi Arabia, WTO rules do not interfere with national tax sovereignty and therefore with indirect consumption taxes like VAT, the exception being if a tax system is devised or implemented in such a way to provide an unfair competitive advantage. The negotiations on agriculture cover issues such as reductions in tariffs and in the ceilings of trade distorting subsidies for developed countries, and a total reduction in export agricultural subsidies. Although there are a number of issues to be finalized, including the precise parameters of the special safeguard mechanism in order to prevent imports that could damage livelihood farming in some developing countries, the main thrust of the result of the Round in agriculture is already on the table. The number of disputes is proportionate to the volume of trade. In the early years, most of the disputes brought to the WTO were between the United States and the European Union – the biggest traders in the world at that time. However, if the general trend we have witnessed continues, the number of developing countries intervening in disputes is likely to increase.

Mr. K. Doumbia (Mali)

Market access is not the only problem for LDCs; lesser production is also a problem as most inputs are produced in the North. If this issue is not dealt with, countries in the South will suffer in terms of their exports, and I would like to know what the WTO plans to do in order to address this issue. The establishment of a fair, equitable and democratic

international monetary system, which would be free of the distortions caused by exchange rate fluctuations, deserves consideration.



Mrs. E. Batzeli (Greece)

While we all hope that the Doha Round will be completed in 2011, has a plan B been drawn up in the event that it is not possible to conclude the Round this year? What implications will there be for the multilateral trading system and for regional and bilateral agreements if the Round is not concluded?



Mr. S. Hashemi (Islamic Republic of Iran)

The question of accession to WTO is a very important issue, and the fair and balanced conclusion of the Doha Development Round would also be encouraging for those countries that wished to join the WTO.

Mr. S. Dor (Morocco)

We face a dilemma because, although we export agricultural products, the products we import come from countries where agriculture is very heavily



subsidized and provide strong competition for local produce. Also, a number of bilateral agreements in the area of fisheries are often less than balanced and very damaging to fish stocks.

Mr. P.Rübig (European Parliament)

Could a carbon footprint tax be considered as a kind of non-tariff barrier?

Mr. H. Scholz (European Parliament)

WTO should take initiatives to stabilize the markets of some products that are key for the development of poorer countries. Also, has WTO taken any specific steps to reduce speculation on food products?



Mr. B. Ouattara (Burkina Faso)

What steps are being taken to ensure the more effective participation of parliamentarians in the current negotiations and in the Third Global Review of Aid for Trade in July? Also, has any progress been made in ensuring that countries recommit to the target of 0.7 per cent of GNP for ODA?

Mr. Lamy (WTO Director-General)

LDCs need to have better market access and access to other markets and need to use their trading potential to reduce poverty and achieve economic growth. I launched the Aid-for-Trade initiative in 2005 as a means of strengthening trading capacity of developing countries. Experience has shown us that in Africa, Latin America and Asia it has led to improvements in infrastructure, production capacity and regulatory frameworks.

There is a lengthy history regarding the relationship between the rules of the international monetary system and of the international trading system. However, while those of the international trading system have been strengthened, those relating to the international monetary system have tended to disappear. Anything that contributes to the greater stability of the international monetary system can only be a good thing for the stability of the international trading system.

There is no plan B because trade negotiators are endeavouring to complete plan A. Plan B would be nothing more than the total revamping of plan A, which took some five years to negotiate before it was adopted.

The relationship between regional and bilateral agreements is more complex than it first appears. My own view is that these two systems should converge in the long term since the more bilateral agreements are concluded, the less bilateral preferences there are in reality and the more multilateral the system becomes. The World Trade Report 2011 will focus on preferential trade agreements; there is a lot of new material on the subject and, in reality, a large part of such agreements are not implemented in view of their inherent administrative complexities.

We currently have 30 countries negotiating their accession to the WTO and I agree that a successful conclusion of the Doha Round would reinforce the multilateral system and make accession even more desirable.

Non-tariff barriers are a growing obstacle to trade. Some export restrictions can be considered as non-tariff barriers, and I think that a carbon footprint tax would resemble a tariff barrier. On border adjustment, whatever system that takes into account carbon footprint of imports will depend on whether there is an international agreement on the limitation of carbon emissions. Measuring the carbon footprint of an import is no simple task, and

doing so based on the assumption that the carbon footprint of imports is worse than the carbon footprint of domestic products is, in many cases, a very daring assumption to make. The contention by a country that its exports are clean and its imports are dirty needs to be considered thoroughly.

The aim of the negotiations is to ensure that in the area of agriculture the system is fairer, so that countries will be able to make of any comparative advantages they may have. This is why the aim is to reduce tariff barriers that can prevent exports, to lower domestic subsidies that do distort trade in many cases, and eliminate export subsidies. WTO negotiations on fisheries subsidies do not address existing bilateral or multilateral agreements, which are overseen by other organisations.

The necessary waivers for commodity agreements in the WTO date back to the 1950s. However, there is no consensus in WTO as to whether or not these provide a proper solution to the volatility of prices. The question of food prices, and whether speculation is one of the major causes of volatility, is being considered in the G20 framework this year. Volatility can often occur because markets are too thin and a small development in the area of supply or demand can create big price differences in a thin market. One solution is to deepen the markets since, the larger the market, the less volatile they are.

We are focusing our contribution to this question addressing volatility of prices on our specific trade remit – ensuring that trade works better.

Although I feel that parliamentary participation in our debates on an ongoing basis is a good idea, it is up to governments to determine the level of such participation. We have already responded to requests made by including parliamentarians in our training programmes for developing countries. Members need to make their technical assistance and training requirements clear to enable WTO to respond.

Since 2005, ODA has gone up by approximately 50 per cent, which equates to some 15-20 billion dollars per year – a very high figure indeed. This is one of the rare areas where both bilateral and multilateral donors have gone above and beyond the commitments made without detriment to other sectors such as health, education or social welfare programmes. There has also been an increase in the number of developing countries able to better integrate their development and trade policies. At the Global Review of Aid-for-Trade we will be reviewing 250 case studies to identify successes and failures in the area of growth, economic development and poverty reduction and ascertain the impact of Aid-for-Trade in the field. We will also be considering how we can involve the business world more in Aid-for-Trade.



DIALOGUE WITH SENIOR WTO NEGOTIATORS

TRADE AND SUSTAINABLE DEVELOPMENT:
FROM COLLISION TO COHESION



Ambassador Manuel A.J. Teehankee
(Philippines)
*Chairman of the Special Session of the WTO
Committee on Trade and Environment*

The first ever decision on trade and environment in the WTO setting was taken in the Uruguay Round and was to establish the Committee on Trade and Environment, which meets to ensure that there is no collision between policies on trade and the environment.

In the Doha Round setting, there are nine committees that are in charge of drafting new rules and regulations that will govern international trade in the future. In the area of the environment, Members are currently negotiating the mandated reduction or elimination of tariffs and non-tariff barriers on environmental goods and services, the

so-called paragraph 31 (iii) of the Doha Ministerial Declaration. They are addressing the relationship between WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs), as well as negotiating procedures for regular information exchange between MEA secretariats and the WTO. The negotiations are being undertaken with a view to enhancing the mutual supportiveness of trade and the environment, and to achieving a triple win – a win for trade, a win for development and a win for the environment.

Much work has already been done, and I'm happy to report that some recent proposals are moving the process forward. However, work needs to continue and intensify to enable us to develop a text by our Easter 2011 deadline. We need all parliaments around the world to understand the importance of concluding the Doha Round, and their support to that end.

The most contentious issue is reducing barriers to trade in environmental goods and services. One of the main challenges we have faced from the beginning of the negotiations is in defining an environmental good. Various approaches have been suggested, including the need to agree, multilaterally, on a common list of environmental goods; the identification of an integrated approach where environmental activities of concern could be identified by Members; and the development of a request and offer process for Members for the identification of environmental goods on a bilateral or plurilateral request basis. New initiatives have

recently been put forward, including a combined approach to bridge the gap between the proponents of the approaches.

However, it is difficult to arrive a common understanding. Members not only have to define environmental goods, but also have to decide on the treatment to be given to such goods, including the level at which tariffs should be set, if at all, and how to address non-tariff barriers. Special and differential treatment, recognizing the need for flexibilities for developing countries, is an important component. More than 500 goods covering a number of environmental categories, such as waste management, water treatment, air pollution and environmental efficiency technologies have been proposed. However, many concerns have been raised by developing countries that the objective of the present exercise should be to achieve a 'triple win', not simply to secure market access.

Members are also working to ensure a harmonious and mutually supportive relationship between WTO rules and specific trade obligations set out in MEAs. Over the past few months, a certain degree of convergence has been achieved to support the delivery of a decision on trade and the environment in the Doha Round. Members are endeavouring to develop a revised text acceptable to all.



Ambassador David Walker (New Zealand)
Chairman of the Special Session on Agriculture

I am slightly puzzled by the title of the debate in terms of the relationship between trade and sustainable development. Small countries like New Zealand have to be able to trade in order to develop in a sustainable manner. As the WTO Director-General has said, trade is the transmission belt through which supply adjusts to demand. WTO seeks to raise standards of living among its Members,

ensure full employment and a large and steadily increasing volume of real income and effective demand, expand production and trade in goods and services while promoting the optimal use of resources and respecting the principle of sustainable development.

In order to achieve these objectives, WTO Members should not discriminate among sources of supply of inputs and countries of destination of exports. There should be no discrimination in domestic regulations between domestic and imported goods. However, some exceptions are permitted in order to achieve other objectives, including domestic objectives relating to sustainable development and the environment. Transparency is another important element, as is progressive liberalization and the opening up of markets in goods and services to promote the flow of goods. The Doha Round is about the further progressive opening of markets on industrial and agricultural goods and services. There are also some particular negotiations ongoing with respect to environmental issues, including the relationship between WTO rules and specific trade obligations in MEAs. Negotiations on fish are also continuing, including on the prohibition of certain forms of subsidies that contribute to overfishing.

Agriculture was, and still is, seen by Members as the core of the Doha Round. It is recognized as one of the most distorted areas of the world trading system. The establishment of rules and opening up of markets could help to promote cohesion. The long-term objective of the agreement on agriculture is to establish a fair and market-oriented agricultural trading system with reduced agricultural support and protection through a reform process, negotiation of commitments on support and protection, and through the establishment of strengthened and more operationally effective GATT rules and disciplines. Although part of that was accomplished in the Uruguay Round, some unfinished business remains, and certain issues are being taken up in the Doha Round.

The objectives of the Doha Round include: a substantial improvement in market access – the draft modalities envisage cuts of up to 70 per cent in the highest tariffs; substantial reductions in trade distorting domestic support – the draft modalities envisage cuts of up to 80 per cent in such support; and a substantial reduction in all forms of export subsidies – the draft modalities envisage their elimination by 2013 for developed countries. The Round also provides for a number of policy

flexibilities, such as the green box flexibilities aimed at supporting research and rural infrastructure activities, environment and food security stocks, structural adjustment and disaster relief. It also contains quite extensive flexibilities for special and differential treatment for different categories of developing countries, and additional flexibilities for the LDCs. The structure is aimed at achieving a situation where more food is produced where it can be produced more efficiently, thus promoting sustainable development in terms of globalized resource use.

I was puzzled by the suggestion from the title that trade might be the problem. I think that in most instances where trade and sustainable development are considered, trade is not the problem. In some specific areas where it is part of a problem, it can be resolved by international discussions on multilateral environmental agreements for example, and through domestic regulation. Otherwise, trade is part of the solution to sustainable development nationally and globally.

All negotiating groups are currently working to produce a revised text by Easter through a bottom-up consensus driven process.



Ambassador Hiswani Herun (Malaysia)
Chairperson of the WTO Committee on Trade and Environment

Today's topic is very apt and illustrates how we have arrived at a partnership between trade and sustainable development. The term 'sustainable development'— namely development that meets the needs of the present without compromising the ability of future generations to meet their own needs – was coined at the 1972 Stockholm Conference on the Human Environment. The impact of trade on the environment was hotly

debated during that Conference, as was so called 'green protectionism', namely how environment policies might become an obstacle to trade. In the discussions that followed, a number of GATT members suggested that a mechanism be created in order to examine more thoroughly the implications of trade and the environment. The Committee on Trade and the Environment was created and tasked with identifying the relationship between trade measures and environmental measures in order to promote sustainable development.

Trade and the environment are one of the negotiating areas in the Doha Development Agenda, and discussions in the regular sessions of the Committee on Trade and Environment have been focused on promoting the mutual supportiveness of multilateral environmental agreements and WTO agreements. Much work has been done to address specific trade obligations in a number of multilateral environmental agreements, including, among others the Convention on International Trade in Endangered Species, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, and the Montreal Protocol on Substances that Deplete the Ozone Layer. The importance of sharing national experience on effective coordination among governments, the industry and civil society, and on how international obligations can be implemented without jeopardizing trade interests has been highlighted.

Malaysia, a developing country, is highly dependent on the electrical industry and on the manufacture and export of refrigeration products for its economy. However, it is also a Party to the Montreal Protocol, which seeks to phase out the production and use of ozone-depleting substances. Compliance with the Protocol led to trade restrictions on products containing CFCs and would therefore have been expected to have a detrimental impact on the refrigeration industry in Malaysia. However, a multilateral fund was set up under the Montreal Protocol to assist industries in developing countries affected by the phasing-out of ozone depleting substances to switch to alternative products. Malaysia was quick to initiate coordination between all interested parties to identify how the Multilateral Fund could be used to help the industry switch to alternative products and meet the target for the phasing-out of ozone depleting substances. Malaysia has phased out ozone depleting substances in less than ten years, and its experience shows how compliance with a multilateral environmental agreement need not

result in trade disruptions and how international obligations and domestic implementation can be made compatible.



Mr. Bruce Christie (Canada)
Deputy Permanent Representative to the WTO

In order to tackle the relationship between trade and sustainable development, Canada launched the federal sustainable development strategy in October 2010, which aims to improve the standard of living of citizens by protecting human health and the environment, use resources more efficiently and advance long-term economic competitiveness through the careful integration of environmental, economic and social policies. As an environmentally-friendly country that is a large international supplier of energy and other commodities and one that depends on trade for a large part of its GDP, Canada has a large stake in many dimensions of the discussion. The increasing interplay between international trade and sustainable development policy has been a conscious development for Canada through both multilateral trade policy here at the WTO and through our bilateral and regional negotiating efforts.

Bilateral and regional trade agreements have smaller institutional structures and lend themselves to different accompanying instruments on sustainable development. Since the North American Free Trade Agreement was implemented in 1994, Canada has negotiated parallel environmental and labour side agreements with all of its free trade partners. They commit parties to pursue high levels of environmental protection, to continue to develop and improve environmental laws and policies, and include proceedings to remedy violations of environmental laws. Sustainable development is also an important part of Canada's regional agenda, including through its membership in the

APEC Forum. In a recent trilateral meeting of trade ministers under the NAFTA Free Trade Commission, a work plan was signed that included renewed work between trade officials and the North American Commission for Environmental Cooperation to enhance trade in green buildings and other products and further liberalize the rules of origin in environmental goods.

Turning to the multilateral trade policy agenda, the fundamental importance of sustainable development and the protection of the environment is recognized by the Marrakesh Agreement establishing the WTO. Since its inception, WTO has continued to increase the centrality of that issue, and Canada has continued to support the expanding discussion. The Doha Ministerial Declaration reflects the importance of sustainable development and calls for the WTO Committee on Trade and Development and the Committee on Trade and Environment to identify and debate developmental and environmental aspects of the negotiations. Sustainable development has now been woven into the mandates in virtually all areas of the negotiation, including agriculture and non-agricultural market access, services and fishery subsidies. Part of the Doha Round includes a chapter to accelerate market opening for environmentally friendly goods, services and technologies. Many climate-friendly goods and services are being penalized upon importation rather than encouraged, and we must change this situation. The sustainable development agenda is one of the many good reasons why WTO Members should make the required effort to conclude the round this year.

In addition to the Doha negotiations, WTO has played a central role in ensuring that national environmental regulation is enacted in a manner consistent with international trade rules and principles. Through discussion and interaction with other international environment and climate change organizations, WTO has been an important forum for international discussion of how high quality sustainable environmental policies and regulations can be implemented so as to minimize negative trade implications and avoid discrimination against other members of the international trading system. One of the most interesting and significant recent collaborations is the 2009 report drafted by the WTO and UNEP. It provides a detailed analysis of the links between the discussion on trade and climate change and emphasizes that most sectors of the global economy will be affected by climate change. It also highlights serious implications and opportunities for the global trade agenda.

There is now a mandated collaboration between the WTO Secretariat and secretariats of multilateral environmental institutions. It is important that the discussions on trade and those on the environment do not take place in a vacuum, and strong links must be maintained between the WTO and the international discussions on climate change. There is a significant role for academic institutions, civil society and parliamentarians in this evolving discussion and I invite you to think of ways in which you and your fellow parliamentarians can continue to enhance your contributions to the discussion of how international trade and international sustainable development policies can continue their journey towards cohesion avoiding a collision.

EXCERPTS FROM THE DEBATE



Mr. T. Elzinga (Parliamentary Assembly of the Council of Europe)

The long list of speakers for the previous debate, in which I had wished to contribute, is proof that that discussion is at the heart of the Doha Round. The Doha Round cannot be called a development round unless the outcome works for the poor. Too often, people assume that trade is good. However, trade can work against socially sustainable development, and I think that paragraph 3 of the revised draft outcome document, stating that "international trade is a powerful engine of sustained economic growth and development and is required for the achievement of the Millennium Development Goals" should be amended. Sustainable impact assessments of the European Union Mediterranean Free Trade Agreement show that it has had a major impact on industries and employment in countries including Egypt, Tunisia and Morocco, and has led to an increase in inequalities. If socially sustainable

development is our goal, we have to discuss how trade can help development and the poorest people in the poorest countries.



Ms. I. Zabala Escóbar (Bolivia)

Those who live in rural areas and survive on subsistence farming want fair trade based on well-rewarded work. What can be done to support and assist the poorest in the poorest countries to ensure that they produce environmentally-friendly crops, have sufficient to eat and do not have to follow a single crop approach to farming?

Mr. Z. Siddique (Bangladesh)

The implementation of the duty-free and quota-free market access commitment is perhaps the single most important issue for the LDCs in the Doha Round. However, as yet there is no clarity on the issue and the LDCs do not know what they will be offered. How do these countries know that their major exports will be among the goods to receive such access?

Mrs. E. Batzeli (Greece)

Agricultural negotiations are very complicated because of different national structures and different regional and economic interests. The European Union has accepted the Hong Kong Ministerial Declaration. It has already translated specific commitments on cotton into specific action for reform of the cotton regime and does not provide any export subsidies for cotton. How are the negotiations on wines and spirits and the on the extension of geographical indications to all agricultural products progressing? Bilateral and regional trade agreements should not be a substitute for multilateral trade agreements, and should take into account global food problems and price volatility. The easy solution to avoid a collision



between trade and climate change is the early conclusion of an effective and comprehensive global climate treaty. National adaptation and mitigation measures must not include protectionism.

Mr. D. Walker (panellist)

Trade is not the full solution, but can be part of the solution for the poorest countries. Some of the negotiations on agriculture focus on increased opportunities through the removal of trade-distorting subsidies and increased market access. The draft modalities for agriculture contain numerous flexibilities that provide for assistance to be given to smaller scale producers and infrastructure development in rural areas. Negotiations on a geographical register for wines and spirits are taking place. The advantages and disadvantages of an extension of geographical indications are also under consideration, but views are sharply divided.

Mr. B. Christie (Panellist)

The issue of how LDCs can ensure that the crops of interest to them are given duty-free and quota-free access is key. It is imperative that we conclude the Doha Round to ensure that the poorest countries and LDCs are able to reap the benefits of increased trade. While we are mandated under the Doha negotiations to negotiate a multilateral registry on wines and spirits, consideration is also being given, as a separate issue, to extending geographical indications for other products.

Mr. A. Teehankee (Panellist)

The WTO is not the primary forum for consideration of climate change. However, the WTO must do its part and be supportive of the international concerns regarding the importance of all environmental issues. In the Doha Round, emphasis has been placed



on the reduction of tariffs and non-tariff barriers to promote the movement of goods, services and technologies that help the environment. We must remember that trade is a tool, not an end in itself, and there must be increased awareness of the impact of trade liberalization on livelihoods.



Ms. M. Wetterstrand (Sweden)

Is anything specific being done to implement a strategy to phase out all environmentally harmful subsidies?

Mrs. H. Harun (Panellist)

The need to meet environmental objectives without compromising trade concerns and development is a very important issue, in particular for developing countries. The Committee on Trade and Environment in regular and special session will be considering how WTO agreements and multilateral environmental agreements can be mutually supportive. Many trade implications are arising from the discussions on climate change. While the early conclusion of a climate change convention would be useful, there must be a linkage between the discussions on climate

change and WTO agreements and obligations that have very specific implications for countries.

Mr. P. De Castro (European Parliament)

The era of agricultural surpluses in western countries has come to an end, and the increase in world food demand is double the increase in supply. Market instability is producing new phenomena such as price volatility and land grabbing, which have implications for food security. However, some countries are using export duties to block the export of food. Should these new problems be taken into account in the Doha Round?

Mrs. S. Dijkers (Netherlands)

Increasingly, consumers in the West are demanding sustainable, ethically produced and environmentally friendly products, which might be considered as non-tariff barriers. What can parliamentarians do to address such problems?



Ms. C. Bearder (European Parliament)

What can be done to introduce a system to expedite the implementation of temporary waivers for countries that have experienced environmental disasters?

Mr. O. Al Kurdi (Saudi Arabia)

How does land grabbing affect farming in countries? I hope that the Easter deadline will be met for the submission of negotiating texts, and that as the Doha Round draws to a close, consideration will be given to the next round of negotiations.

Mr. D. Walker (Panellist)

The agricultural situation in global markets will continue to evolve. It is surprising how thin current

international markets are given the limitations on trade, and trade distortions can easily be amplified. The connection and opening of markets may help to reduce volatility. The more the discussion on extension of geographical indications continues, the more complicated it becomes. With regard to environmentally harmful subsidies, negotiations are taking place on fish subsidies to reduce overfishing. However, the agricultural negotiations will not reduce subsidies from a specific environmental purpose. The current agenda needs to be solved in a cooperative manner before the international community can look in detail at other subsidies, such as those on fossil fuels, and at the export side of trade policy.



Mr. B. Christie (Panellist)

While every effort is being made in the negotiations to reach the Easter deadline, significant gaps between some of the key players remain. We are trying to narrow those gaps and draft a negotiating text that represents the views of Members. The Doha Round has been under negotiation for a decade and there is general consensus that this is our last realistic window of opportunity to conclude the Round. Parliamentarians should provide political support in order to help achieve this goal. Once the Doha Round is concluded, we can look to the issues to be addressed in the next round of negotiations.

Mr. M. Teehankee (Panellist)

Consideration is being given to fuel subsidies, and we hope that the issue of fishing subsidies can be pragmatically resolved. Some difficulties have been encountered with regard to the temporary waivers granted to countries that have experienced natural disasters as those waivers are trade related. Discussions have been taking place on whether the exact duty that is due or could be saved might be

channelled directly to the countries concerned. We welcome the support of parliamentarians in securing the conclusion of the Doha Round in 2011.

Mrs. H. Harun (Panellist)

WTO committees are working to address the issue of trade barriers, including the wish of consumers

for environmentally sustainable products. Parliamentarians could help by ensuring that claims that are not scientifically proven or consistent with existing norms, such as the Codex Alimentarius, are not allowed to be used. While discussion on temporary waivers is ongoing, initiatives are being implemented to enhance the trade of countries that have suffered natural disasters.

SUBSTANTIVE THEME (A)

MULTILATERALISM IN THE MIDST OF THE RISING TIDE OF BILATERAL AND REGIONAL TRADE PACTS

Discussion paper presented
by Mr. Paul Rübiger (European Parliament)

Executive Summary

The international trade community has long been debating the advantages and disadvantages of multilateralism and bilateralism in the sphere of international trade. It is perhaps time to approach the discussion from a different angle and find practical ways how the two can be made to enhance each other. In the future one could envisage a stronger multilateral system that has a bigger control over bilateral trade agreements, whilst the later could be used to supplement the multilateral trading system by addressing issues that are more specific to countries and regions.

Multilateralism and bilateralism

The discussion about the respective merits of multilateralism and bilateralism in the sphere of international trade and the compatibility, or incongruity, of both approaches has been going on for decades now. A lot has been said about this issue and several scientific, measurable approaches have been put forward in order to determine, with the help of empirical data, the net gain or loss caused by bilateral trade agreements vis-à-vis multilateral ones. However, perhaps the occasion of the IPU Conference 2011 presents us with a unique opportunity to briefly cast aside the empirical search for an axiom that would firmly plant bilaterals in the "bad" or "good" pigeon holes.

The truth is that, whether one likes it or not, bilateral agreements are here to stay. Actually, the truth goes further than that: bilateral agreements have always been around, it is the multilateral system that is new. Despite its undisputable success and the wealth that it has produced over the past half-century, it would be rather naive to expect that any time soon it is going to displace to a large extent, or even completely, bilateral preferential trade agreements. This is not a pessimistic premise. On the contrary, it should be seen as a possibility of shifting the argument away from "*Which approach is best?*" to the more constructive question of "*How can both approaches be made to complement each other?*".

The need for Preferential Trade Agreements

There are several reasons which lead countries to engage in bilateral trade discussions and some of these go beyond purely economic interests. Therefore, any discussion that only applies rigorous commercial considerations in its evaluation of bilateral Free Trade Agreements (FTAs) can only be partial at best. Governments, for one, often want something tangible to show to their citizens for their hard work. Bilateral FTAs are, indeed, a good way of "taking something back home" because they are easier to conclude, they tend to address local or regional concerns more directly and last but not least they ensure that the credit is attributed to the governments involved and not to an anonymous international organisation such as the World Trade Organisation (WTO). In simpler words, citizens tend to feel more directly concerned by bilateral

agreements than by multilateral ones, regardless of the actual financial benefits in real-terms.

As Euro-parliamentarians we are all too often exposed to this tension between individual Member States and supranational bodies. In the European Union, Member State governments tend to relinquish authority only in areas that are too difficult to deal with or where the level of outside competition necessitates a common approach. However, the latter has successfully led EU Member States to pool their resources together and put the Commercial Policy as an EU competence, adding even Foreign Direct Investments to the package. This is a good example of bilateral approaches giving way to more coordinated trade strategies.

The IPU and the European Parliament are fully committed to the WTO and the multilateral approach and hope that Members will increasingly opt for the multilateral option as a first solution. At the moment, this does not always seem to be the case, as bilateral agreements are flourishing. Academic research has shown that countries often engage in bilateral trade agreements not only on the grounds of economic considerations but also for political reasons. It is time to start thinking seriously about a revision of the multilateral system so that it becomes the first solution for trade negotiations. However, countries should be given the possibility to engage in bilateral trade agreements when these address region-specific issues and when it is confirmed that they offer benefits that cannot be achieved otherwise, i.e. multilaterally.

The following considerations will hopefully form the basis of a fresh (Post-Doha) debate on how to achieve this.

1. Ensuring that the WTO has more control over bilateral agreements

Since bilateral Preferential Trade Agreements (PTAs) are here to stay, and are indeed necessary in certain instances, one of the best ways of making sure that they do not undo the efforts at the multilateral level is to ensure that the WTO has a higher degree of control over the implementation, the monitoring and the content of such PTAs.

At the moment, countries or regions that sign a bilateral preferential agreement are supposed to register them with the WTO. As of July 2010, a total of 474 PTAs have been notified to the WTO, 283 of which are currently in force. However, despite the obligation to notify, we cannot, by any means, say

that the WTO holds any kind of regulatory control over PTAs. Indeed, in several instances PTAs are notified late and often after their entry into force. The WTO imposes three substantive conditions on PTAs but it is no hidden secret that the effective imposition of these conditions is difficult and that several loop holes exist.

One of the reasons why PTAs are tempting is the exemption from the most favoured nation (MFN) clause. Article XXIV GATT, under which several PTAs are authorised, explicitly forbids increases in MFN protection. But there are ways and means how this can be circumvented. It can thus be argued that it should be possible to consider changing the rules so that a PTA would only benefit from a temporary exemption from the MFN clause. Accordingly, if a bilateral preferential trade agreement is exempted from the MFN clause for, let's say, five or ten years the following impacts could be foreseen:

- Countries will weigh more carefully whether the effort of negotiating a PTA is worthwhile.
- The erosion of the exclusive preferences in the PTA will be much faster, thus offering reprieve for affected parties.
- This might actually filter between PTAs that are a real economic necessity, and therefore would be signed anyway, and those PTAs which are being signed simply as part of a power-struggle amongst individual regions and countries.

Another form of regulatory control would be the calculation of the negative impact in terms of trade that a bilateral PTA would have on non-signatories. Subsequently, a form of efficient compensation, on the same lines as the dispute settlement, may be considered. Once again, this will have countries think twice before going into PTAs and will only do so when they are sure of the advantages.

2. Tackling Non-Tariff Barriers and Behind the Border Barriers more effectively

The multilateral system has been so successful that nowadays tariffs hardly remain the biggest stumbling block to international trade. Indeed, as of 2010, the average uniform tariff equivalent of goods trade policies of OECD countries is less than 4%. Non-Tariff Barriers (NTBs) and Behind the Border Barriers, however, have become more apparent and are fast becoming the "battle turf" of negotiations. They are, however, proving to be a more insidious barrier to eliminate. It is more difficult both to

calculate the effects of NTBs as well as to find a water-tight legal way to eliminate them.

As long as the multilateral system continues to be ineffective in dealing with this new "currency" of international trade, regions and countries will continue to prefer bilateral tools to deal with this issue.

We should thus seriously think how to adapt the multilateral system to better calculate the effect of NTBs and Behind the Border Barriers and how to better ensure conformity.

3. The WTO should encompass areas that are currently covered by bilateral agreements

The multilateral approach is still relatively narrow in terms of coverage. Those areas that are either not covered at all, or not covered sufficiently, are a big incentive for countries to engage in PTAs.

The global environment of international trade has moved away from the traditional goods market to encompass areas such as intellectual property rights, public procurement, investments and services. The multilateral approach, on the other hand, with the notable exception of the GATS, has kept to the more traditional business sectors, such as goods and agricultural products. The areas mentioned above are, at best, covered by a plurilateral agreement. Some progress has been achieved in the area of trade facilitation, but as long as the "Singapore issues" remain indeed "issues", PTAs will remain one of the only tools available for countries and regions to fill the gap.

Therefore we should ensure that a reform of the WTO becomes a reality so that the multilateral system is widened in scope. Perhaps the issues of finalising DOHA and a possible reform of the WTO should, in fact, be decoupled.

One partial solution to this problem is to encourage trade heavyweights, such as China, to put more effort in joining the Plurilateral Agreement on Public Procurement. Any agreement that does not reflect a balanced geopolitical and commercial picture is bound to leave great gaps that can only be filled by PTAs.

4. We should work harder to enable non-member trade partners to adhere to the WTO

As long as important players stay out of the WTO, countries will always be forced to resort to bilateral

agreements to establish deals with partners that they cannot afford to ignore. When these countries join, however, they would not only be committed to the same rules and principles as everyone else but would also have the possibility of using the multilateral setup to their advantage. Countries, like China, can now influence the trade negotiations in their favour through the multilateral system rather than through a number of individual FTAs that, more often than not, contribute to a disparate set of complicated rules such as Rules of Origin. Russia, one of the last remaining key trade partners not a member of the WTO, will hopefully join the organisation over the next year.

Ironically, the appetite of developing countries for PTAs does not seem to have waned with their accession to the WTO. This is largely due to the above-mentioned lacunae that exists in the multilateral system, the fact that DOHA is taking a long time to conclude and the emergence of what unfortunately appears to be a political "rat-race" amongst developing countries to conclude as many PTAs as possible - which is seen as an affirmation of their commercial power as they become regional trade agreement hubs.

We have, thus, to work not only to convince countries that they need to accede to the WTO but also to instil, as much as possible, amongst existing members that the multilateral approach can enable countries to exploit their full trade potential and consolidate their commercial presence.

5. Opening the access to the Dispute Settlement Mechanism

One of the biggest successes of the WTO has undoubtedly been the Dispute Settlement Mechanism. This mechanism has offered a stable and relatively quick manner of resolving disputes without resorting to detrimental trade wars. Moreover, it has given small countries the possibility to find a way of capturing the attention of larger trade partners and have their complaints addressed.

To date, however, only governments can launch a WTO Dispute. This means that individual companies and lobby groups have to convince their local governments or, as in the case of the EU, their supranational representatives to launch a case. Perhaps it is high time that this changes. As long as the business community continues to feel that the multilateral system is closed for it, it will continue lobbying and financing efforts for bilateral PTAs. A company is much more likely to protect its interests

through a bilateral agreement than a multilateral one, if nothing because it has a more direct access to the government of the country where it operates. This is not an argument in favour of the WTO becoming a capitalist-run institution. Still, we have to recognize that transnational companies are becoming bigger and more numerous and are evermore present in international trade flows. Including them in the multilateral system as much as possible would ensure that they play by the rules and that the WTO becomes more significant for them. Governments should also ensure that SMEs have access to the WTO Dispute Settlement Mechanism perhaps by helping them overcome the stumbling blocks that would otherwise inhibit their possibility to influence trade policy or seek redress, such as providing legal and administrative aid or by increasing the access of SMEs to policy makers.

The WTO should also be in a position to listen to the complaints of the business community about the way the system of retaliation affects them. Businesses find it hard to understand why enterprises, employees and consumers have to "foot the bill" for commitment withdrawals in other sectors or for duty imposition as retaliation of a country's lack of conformity in sectors that are not even remotely connected to their sphere of business. We should strive to find a fairer way whereby, in case of retaliation authorised by the WTO, additional duties are not paid by sectors which have nothing to do with the original contravention. The same should apply to compensation agreed over commitment withdrawals. States and governments should assume responsibility for their own policies and should thus be held fully accountable to the WTO and their trading partners, for example through their national budgets.

6. Bringing the WTO closer to the people

Nowadays, when communicating and selling ideas to the general public plays a pivotal role, we should also consider the possibility that the WTO speaks more directly to its citizens. After all, decisions and deals struck in Geneva have a rather direct influence on the daily lives of people. Making that link more evident will help to increase public awareness.

The recent financial and economic crisis has shown, once again, that nationalistic rhetoric always grows louder in periods of dire economy. Luckily, most governments did not follow-up on their rhetoric and the application of trade defence measures

remained limited. Surely, much of the credit here goes to the success of the WTO and the willingness of governments and parliaments to commit to the multilateral system. However, let us not forget that, to some extent, this mitigation in trade defence measures has also been the result of globalisation. Multinational companies are less likely to be bossed around by individual governments when it comes to decisions of where a product should be produced, assembled or sold. The reality is that a single product is nowadays made of components produced in several different countries - the iPhone often being quoted as the classic example.

As governments are elected by people, it is rather difficult for politicians to convince their electorate that the right approach is not to implement trade defence measures in times of crisis. Thus, explaining the benefits of the multilateral system to citizens will make the work of governments easier and will in turn put less domestic pressure on governments to adopt defensive trade policies. Here, parliamentarians have a major role to play.

7. Upholding the Single Undertaking practice and the Consensus decision-making

The inevitable downside to multilateral negotiations is that they will always be more drawn out and complex when compared to plurilateral, regional and bilateral trade negotiations. This should not, however, be solved by undermining the practice of Single Undertaking and Consensus. Doing so will simply take the WTO several years back to the *à la carte* practice of the GATT times and undo what has arguably been one of the major achievements ushered by the Uruguay Round. The truth is that even region to region negotiations, as the experience of the EU has shown, sometimes prove too difficult to carry out and end up fraying into smaller agreements, or indeed, bilateral ones.

The WTO can seek to offset this disadvantage by setting an agenda that is more explicit and attainable. This, however, will require a serious, concerted effort at reforming the institutional aspects of the WTO in a way that they become more conducive to efficient, relevant and attainable work. This is an issue that has to be studied in depth and I hope that in the near future, maybe in the course of a Post-Doha-Discussion, we can witness the launch of this much-needed process.

Conclusion

As a conclusion, it is suggested that we change our approach to the issue of bilateral as opposed to multilateral trade agreements from one that seeks to identify the merits of one over the other, to one that actively seeks to create a synergy between the two. As stated before, bilateral and regional agreements are here to stay, and they are in fact a necessary part of the world trade scenario. The challenge is not to make them disappear, but to integrate them and to "multilateralise" what is happening at the regional and bilateral level. This will, indeed, even complement the PTAs by filling the gaps that they leave out and by providing a stronger multilateral structure within which PTAs can be integrated without harming the overall balance.

Achieving this would admittedly be difficult without some kind of reform in the WTO. In 2009 Pascal Lamy stated on the occasion of his re-election as head of the WTO, "no major surgery is required in the WTO... but rather a long to do list." Indeed, it is hoped that the points mentioned here become part of this list.

Parliamentarians have a role in this task, a role which will hopefully be fully reflected in a WTO review. Our presence will surely make the process more democratic and enable it, to quote Mr. Lamy once again, to be more "popular" as opposed to "notorious".

Discussion paper presented
by Senator Luis Alberto Heber (Uruguay)

Already last September when the Parliamentary Panel at the WTO Public Forum was held to discuss whether the current multilateral trade system could cope with emerging challenges, we were discussing the theme that has brought us here today: Multilateralism in the midst of the rising tide of bilateral and regional trade pacts.

In particular, we indicated that the international negotiation scenarios would be deeply affected by the financial crisis and asked whether multilateralism was the answer to the challenges ahead, underscoring the need to take up the new challenges such as the proliferation of regional trade agreements.

The global crisis brought to the fore the weaknesses of the international system above and beyond the collective responses that were provided to mitigate the impact of those events.

The new international situation and the WTO

Notwithstanding the proliferation of regional agreements, which has been one response to the prevailing situation, stakeholders have not broken off their multilateral agreements or abandoned the WTO.

States are learning how to use what is commonly known as "policy space", resorting on several occasions to escape valves regulated by the WTO, which have allowed them to overcome the situation brought about by the crisis without having to depart from the existing multilateral framework.

The system must pay attention to certain grey areas that can lead to masked protectionism, which would require applicable measures to be compatible with WTO commitments, and the proliferation of these new regional agreements to be placed under a multilateral framework that is compatible with multilateralism.

The multilateral trade system contains a set of standards that safeguard against trends to restrict world trade but which need to be fine-tuned. The current multilateral system needs to adapt to this reality and this new system should not only preserve trade liberalization, but also the development of these new trends that increasingly resemble regional processes.

The WTO must address these new challenges, playing a pivotal role in what is referred to as global economic governance, and acting as a functional organization that strikes better balances. There is genuine democratic will for the least developed countries to participate and the organization must be invested with real international governance in order to achieve an increasing globalization of economies with a view to regulating not only multilateral trade but also growing regionalization.

This dynamic of the globalization of economies, we have said, has been sustained by two types of movement: one of a multilateral nature, whose greatest symbol is the WTO, and another of a regional nature, through regional agreements. The question remains whether these two trends lead to the same path and will achieve the same goal.

Integration processes and the creation of multilateralism

The debate before us today is whether regional processes will accelerate trade multilateralization

or if, on the contrary, its pace will slow down. In other words, are we faced with stumbling blocks or building blocks?

Several analysts believe that the starting point should be the traditional concept developed by Viner, whether these lead to trade creation or trade diversion. But is this enough?

The fact that multilateral negotiations are not advancing at the desired pace has resulted in countries embracing bilateral or regional agreements, under which negotiations are simpler to conclude, with developing countries seeing in them not only a trade opportunity that allows them to access new markets but also a way of deepening their diplomatic relations, and with developed countries finding an opportunity to assume leadership and forge national alliances.

Insofar as these pacts tend to reduce tariff barriers and regulate trade more and are thus beneficial to the system, their conclusion on top of other agreements may generate interest in expanding them and making them multilateral in nature. But we should ensure that these do not become barriers to trade for third parties or that their proliferation does not confuse the system.

It is clear that we must not necessarily consider multilateralism and regionalism as two opposing processes. On the contrary, the regional trend goes hand in hand with this process, and is clearly demonstrated by the fact that of the nearly 450 existing agreements that were concluded between the time GATT was established and now, over 300 were concluded after the WTO was established in 1995. Over 60 per cent of the world trade between blocs and almost 100 per cent of WTO Members have a signed trade agreement in one form or another.

But there is a reality that is not reflected in figures: that not necessarily all of these processes are truly active, and that those that exist mainly in cases where intra-bloc tariffs are already low, which means that they do not necessarily result in trade diversion. Consequently, to say that the greatest volume of trade occurs between blocs can be deceptive, and one would have to see what is the real effect of these agreements on their members' trade, and what effects would have existed on trade if those countries only were governed by a multilateral system.

It would be useful to analyse carefully if the current integration processes are a phase leading

to globalization or if, on the contrary, they are a substitute or alternative to it.

As several analysts have indicated, the real impact of these agreements is felt when they also include reduction of non-tariff barriers, when they promote investment and strengthen their legal framework, thereby guaranteeing legal security. In this sense, these agreements are not a threat to the multilateral system.

This type of "open" agreement has little economic impact and helps integrate markets much more than multilateral organizations can.

It is important to ensure, therefore, that there is not a tendency to replace tariff barriers by other protectionist measures, or by stipulating demanding rules of origin that can be as harmful as a high common external tariff. It is imperative to see whether these agreements raise trade barriers, thereby resulting in trade diversion.

Nuances between regional processes

In many of these processes, integration by countries at different levels of development can be observed. It is a situation where each participates for various reasons: developing countries seeking access to protected markets and developed countries seeking to expand their areas of influence.

Regional agreements may help small countries reduce their costs of negotiation on the international arena, thereby increasing their market power, promoting a sharing of interests with their partners, and serving as a political negotiation tool together with other blocs or at the level of the WTO. Coordination among partners gives them greater negotiation power than they could ever have individually.

These agreements may also help to manage difficult cases with greater ease; where multilateralization is not possible, the harmonization of standards or liberalization is confined to a regional sphere.

A surge in agreements among different integration processes can also be seen. This is effectively an expansion of their sphere in cases where they have to start from scratch in negotiations. That produces something similar to the creation of a multilateral system through a linkage between different processes of open regionalism.

We believe, therefore, that for integration agreements to lead to greater multilateralism it is

key that they be openly accessible, guaranteeing admission to any State that is willing to follow their rules.

These agreements should not be limited only to trade and only to a specific region because transregional links are ever growing and are part of a broader pattern of cooperation agreements. It is not preferential agreements seeking to expand their competence that represent risks, but rather shallow agreements that respond to a temporary economic situation and that may distort trade.

It has been shown that "high quality" agreements generally follow the rules set by the WTO and are part of a process of competitive liberalization that often tend to be a shortcut to multilateral liberalization.

New forms of regionalism and the WTO legal framework

We do not believe that multilateralism and regionalism are contradictory dimensions, but that both are conditioned by the WTO legal framework, peacefully coexisting and in most cases complementing each other. It would be crucial, therefore, to sustain this dynamic compatibility between multilateralism and regionalism through mechanisms provided for by the WTO.

It is clear that these processes are part of the WTO legal framework, but is that enough?

We cannot limit our focus on the regionalism/multilateralism dichotomy to a purely formal analysis that claims simply to see whether the regional trend fosters trade liberalization because multilateralism entails more than free trade; it is a code of conduct based on an international system of rules. It is important for these rules to also seek responses to the regional trend with appropriate tools. The WTO should also take action along these lines since it is inadequate for these processes to be covered by Article XXIV. It needs to make progress in terms of its regulation, and as certain authors indicate, work along the lines of having preferential agreements include a clause of "conformity" with the WTO that governs the treatment of non-State members and that provide for assessment mechanisms.

Article XXIV serves to frame these processes but is no doubt insufficient. Mechanisms to verify compliance by the different agreements are inadequate as are the review processes.

It is not so much a question of whether the WTO legal framework governing these trends will actually be breached but more that it will prove to be inadequate, and will need to eliminate any ambiguity that allows the development of regional processes that do not seek harmonization with the multilateral system.

We need to work, therefore, to that end.

INTRODUCTORY REMARKS



Mr. Paul Rübiger, Rapporteur (European Parliament)

I am very proud that over many years now we have developed a real parliamentary dimension on the WTO. As we have moved forward, I think we have reached some conclusions that are not only very valuable for trade but for the political level as well. In the European Parliament we had a big debate on how we could help to obtain more information on and inject greater transparency into the Doha Agenda, and that was the reason why we thought it would be useful to include parliamentarians from all over the world to enable them to learn more about the real issues debated behind closed doors. Parliamentarians have to take responsibility and make decisions as well in order to bring the Doha Development Agenda forward.

The European Union is the largest trading block in the world, so for us it was very important to hear and learn from our partners – parliamentarians from other countries – how we can achieve progress, and I thank the Secretary General of the IPU, Mr Johnsson, very much for his efforts to foster collaboration between the IPU and the European Parliament.

In considering the advantages and disadvantages of multilateralism and bilateralism in the sphere of international trade, we should ask how we can use greater control over bilateral trade agreements and the multilateral targeting system to get better results. Where are the gains and losses for WTO and the Doha Agenda, and for bilateralism? An open debate is important to foster transparency. Bilateral agreements go back to the very beginning of mankind whereas the multilateral debate is new, and efforts need to be made to find out how to make it as effective as possible and bring it forward.

Many people are asking which approach is the best. The truth is that we have to deliver on multilateralism as well as on bilateralism, because the people who elect us want to know the benefits to be derived from bilateral or multilateral talks. Both areas should benefit from the negotiation; we need to show our fellow citizens how both approaches can be made to complement each other. We know how difficult it is to reach an agreement among the 27 Members of the European Union, and it is even more complex in the WTO. Bilateral agreements have an immediate and very clear solution for the ministers to sell at home. It is very difficult to sell the results of multilateral agreements to the public, and this is where we should concentrate our activity in order to learn how we can educate and correctly inform public opinion. In the European Union, we look very much towards subsidiarity, which would link into the bilateral agreements. However, we also look towards added value, which is an important subject in the Doha Round.

With regard to the post-Doha debate, we as parliamentarians should think about the next step to be taken if we are able to conclude the Doha Round in the near future. As at July 2010, there were 474 bilateral arrangements, 283 of which are currently in force. We want WTO to have a higher degree of control over the implementation, monitoring and content of such agreements. This is an area in which parliamentarians could be very active. We want to have more transparency in this area as it's quite important to see which advantages we can deliver at home to our people immediately after the negotiations. We know that these agreements have to be notified, and we therefore need to consider where bilateral agreements can have a negative impact, in particular on non-signatories. Effective compensation may be considered in the future. I think that tariffs do not play the most important role given the existence of non-tariff barriers and border barriers. What can we do to find a watertight

legal way of eliminating this? I think the multilateral system should also be adapted to better calculate the effect of these bilateral agreements.

I want to thank you all for coming. To conclude, I think that in the future we should focus on what governments and civil society can do in WTO, and on the rights of small- and medium-sized enterprises.



Senator Luis Alberto Heber, Rapporteur (Uruguay)

Thank you for being here today and for your willingness to discuss an issue that we believe is extremely important, namely whether bilateral and regional trade pacts serve as an obstacle to multilateral agreements. I believe that this is not the case. Both types of trade agreement have merit, particularly when regional agreements are not designed to divert trade, do not seek to create a new form of protectionism, and are transparent and consistent with the basic principles of WTO. WTO should not call into question regional and bilateral agreements; instead efforts should be made to monitor such agreements to ensure that they do not divert trade.

Countries often cannot wait for global agreements to be reached in order to join the trade system. We should seek to encourage bilateral and regional agreements with a view to advancing on the path of multilateralism.

I believe in the WTO. It has fulfilled a very important mission in these years of crisis. What would have happened had the WTO agreements not existed? How would the world in crisis have been able to react without WTO? I would prefer not to think about it. WTO has helped us to come out of the crisis and that alone is an important mission. It is a mistake to expect WTO to solve all trade issues

around the world. The WTO is there to mitigate crises when they occur, because that is when there is the greatest temptation to engage in protectionism.

Of course we want to support WTO as well as regional agreements. It is critical, particularly for the developing countries, that the Doha Round does not fail, and parliamentarians should put sufficient pressure on their executives to expedite the successful conclusion of the Doha Round.



**Mrs. Ditte Juul-Joergensen, Discussant
(acting Director, WTO Affairs, Directorate-
General for Trade, European Commission)**

The European Union started as a customs union and remains a customs union so we have been a regional trade agreement that has been constructively coexisting with the multilateral system for more than 50 years. I think it is fair to say that we are an example of a regional trade agreement that has contributed significantly to further trade liberalization and rule making in the WTO context.

Let me turn to the issue of whether regional trade agreements and bilateral arrangements represent a challenge to the credibility and viability of the WTO. If we look around, it is clear that a number of WTO members are busy, both in striking bilateral trade agreements between regions or between countries at a time when we are all investing in trying to bring the Doha negotiations to a successful conclusion. In the European Union we are no exception; we are still at the forefront of the efforts to bring to a successful conclusion the Doha negotiations, and at the same time we are embarking on an agenda of comprehensive regional trade agreements. The question is whether we have to choose between the two. As others have said before me, I don't think we do. We don't see a dichotomy, and for the European

Union, strengthening the multilateral trading system clearly remains our first and foremost priority in a trade policy context. It is, in our view, the most effective means of expanding and managing trade for the benefit of all globally. Many scholars refer to regional trade agreements as the second best option in terms of trade liberalization; the multilateral route is generally regarded as the preferred one for its effectiveness and non discriminative nature. However, the two can be complementary, as we have seen in recent years.

We are seeing an increasing number of regional trade agreements globally involving all regions of the world. In Asia, for example, the number of regional trade agreements involving Asian nations has soared from a mere handful in the mid-1990s to more than one hundred today. It is also interesting to note that some 80 per cent of regional trade agreements that have been negotiated or are under negotiation involve developing countries in some way.

The challenge is how to ensure that both approaches can be made to complement each other and how to identify and further those regional trade agreements that support the multilateral trading system. The way in which regional trade agreements were constructed, and therefore the political and economic strategy driving such agreements, is important in order to ascertain whether they support the multilateral track of liberalizing and strengthening markets. Generally speaking, only ambitious, comprehensive regional trade agreements that are fully compliant with WTO provisions are likely to foster further multilateral liberalization, and therefore constitute real building blocks for the multilateral trading system.

Regionalism, on the other hand, is a challenge – if not a threat – to the multilateral trading system. The growing number of shallow regional trade agreements, such as agreements that are only partial in scope, exclude a number of important sectors, or are implemented irregularly and can increase discrimination or divert trade.

Some of the beneficial aspects of deep and comprehensive regional trade agreements include the fact that in some areas, such as rules establishment, it is often possible to go further in the context of regional trade agreements to include issues such as competition and other regulatory issues. Such regulatory cooperation in a regional context would tend to benefit parties other than those directly involved in the agreement, since

it helps to create a level playing field, ensure transparency in regulatory environments and a higher degree of regulation more generally. Those rules, whether they result from a regional agreement or domestic regulation, will benefit all players as they apply on a MFN basis. Similarly, if a regional trade agreement includes provisions for streamlining and minimizing the impact of technical barriers to trade or commitments for increased alignment with international standards, it can trigger a positive spillover effect on other WTO Members that are not parties to the regional trade agreement in question. 106 of the 240 regional trade agreements notified to the WTO contain services commitments, and a number include commitments on intellectual property rights, investment, government procurement – disciplines that many WTO Members have refused or are not ready to discuss at a multilateral level. While the multilateral system may not be ready to address some of these issues, it is important to allow for the roadtesting of such commitments, cooperation and engagement at an international level through regional trade agreements, since an appetite for liberalization and rule-making at the multilateral level in these areas may be created over time.



On the way in which regional trade agreements are handled in the WTO context, we have clear WTO rules on regional trade agreements such as Article XXIV of GATT 1994 and Article V of GATT, and we the WTO Members have the responsibility to abide by the rules, which clearly prescribe that a regional trade agreement must cover substantially all trade, that liberalization must take place over a reasonable period of time, that such agreements may not increase barriers against non-participating countries, and that there should be no major carve outs in terms of sectors. In addition to these rules, you may recall that the WTO Doha Declaration

calls for negotiations to clarify and improve these disciplines and for procedures to ensure that regional trade agreements are less discriminatory and that they underpin, rather than hinder, the multilateral trading system. Unfortunately, there has been very limited progress in those negotiations, but we continue to engage in them and hope to achieve an outcome in that context.

A very important part of WTO's work in relation to regional trade agreements is that of transparency, and that is an area in which we can progress here and now in parallel to the ongoing negotiations. Respecting notification requirements in the WTO is crucial for the well-functioning of the multilateral trading system and for the constructive coexistence of regional and multilateral trade liberalization and agreements. WTO Members can make efforts in this regard and ensure that we make progress in how we address regional trade agreements in the WTO as the two previous speakers said.

Finally a word about the role of the multilateral trading system in harnessing globalization and managing interdependence. If regionalism has not been a major problem to date for the multilateral trading system, I think it is because the multilateral trading system has remained solid in the past. WTO membership has adapted multilateralism to the realities on the ground, and the multilateral trading system has really helped to ensure that the current global economic and financial crisis has not been allowed to lead to a surge in protectionism and a backwards step in relation to multilateral trade liberalization.

In his paper, Senator Heber rightly pointed out that the multilateral trading system contains a set of standards that safeguard against trends to restrict world trade. I think that has been very clear in these past years since the beginning of the global economic and financial crisis. In that context, the monitoring elements of the WTO have been very important and have ensured transparency in relation to all new initiatives taken, in particular on initiatives that could have a protectionist element. The monitoring elements obviously work together with the substantive WTO rules, as well as the enforcement mechanism of the WTO – the WTO dispute settlement mechanism.

It's clear that while regional trade agreements can emulate some of the elements of the multilateral system, and often do so, they obviously can't provide a global system to the benefit of all in the same way as the multilateral trading system

can. We therefore continue to need a strong multilateral trading system, and we need to bring the Doha Development Agenda negotiations to a successful conclusion to ensure the continued development of global trade flows in an open and non-discriminatory manner. At the same time, as regionalism will continue to be a salient feature in our global trading system, the WTO needs to continue to respond, and its membership needs to engage actively and constructively and in a coordinated fashion in relation to regional trade agreements. We, as WTO Members, have a responsibility to construct building blocks for the multilateral trading systems so as to allow the system to continue to move forward, both now and in a post-Doha context.

EXCERPTS FROM THE DEBATE

Mr. S. H. Jang (Republic of Korea)

Since the economic downturn, many countries have taken protectionist measures in the form of tariffs, non-trade barriers, dumping and special safeguard mechanisms. The number of regional trade agreements has risen sharply since WTO was established, and is likely to continue as countries strive to increase their domestic exports in the global recession. I agree that there is an urgent need to strengthen multilateralism.



Ms. C. Muscardini (European Parliament)

Perhaps now is the time for WTO to consider making some changes to ensure that we can conclude the Doha Round once and for all. It would be useful if we could, in the course of our meeting, make concrete proposals in order to advance that work.

Mr. A. Noor (Bangladesh)

Bangladesh is committed to a universal, rules-based, development oriented, non-discriminatory and fair multilateral trading system that can help to harness the benefits of globalization for all in an increasingly interdependent world. The void created by the long-overdue conclusion of the Doha Round has indirectly contributed to the proliferation of bilateral and regional trade agreements. While such agreements forge greater regional integration and political stability, they diminish the centrality of the multilateral trading system and should be brought under closer scrutiny. The multilateral trading system has proven its great value in the recent crisis by preventing protectionism, and we need to make use of the window of opportunity before us to conclude the Doha Round by the end of the year.

Mr. L. Heber (Rapporteur)

While I agree with the comments made, it is not for parliamentarians to decide what is to be done if Doha round is not successfully concluded this year.

Mr. P. Rübiger (Rapporteur)

Protectionism is one of the main obstacles to higher GDP. Under bilateral agreements the larger partner can sometimes have the stronger hand. Under the multilateral system, WTO guarantees that all countries are treated in the same way, but more time is required for all countries to reach a consensus. We know what benefits the current Doha Round can bring, and we should bring the Round to a swift conclusion so that we can focus on the next round.



Mrs. D. Juul-Joergensen (Discussant)

A great deal of progress has been made on the Doha Development Agenda over the past decade,

and work has recently intensified in Geneva with a view to concluding the Doha negotiations. However, that's not to say that there shouldn't, at the same time, be an engagement on the broader questions and on the further development of the multilateral trading system in the WTO, with respect to post-Doha work. Discussions are ongoing on future issues with respect to regional trade agreements and should be maintained on the agenda in parallel with the Doha negotiations, since there are a number of questions in that regard not covered by the Doha work plan.

Mr. S. Dor (Morocco)

Have the absence of transparency, the existence of non-tariff barriers, the fact that the Doha Round is not really progressing, and the continued difficulties with, among others, agriculture and the service sector, led to the proliferation of bilateral trade agreements?



Mr. M. Berraf (Algeria)

WTO must adapt its rules to take account of the major difficulties and changes experienced by countries, review some of its mechanisms, and speed up the accession process. Algeria is committed to a fairer multilateral trade system, which will be achieved through the completion of the Doha Round, and we welcome efforts to bring the Doha Round to a successful conclusion. The bilateral and regional agreements signed should not be called into question, but strengthened, since they will help to promote trade, create employment and raise standards of living.

Mr. F. Chacón (Costa Rica)

There are practical reasons for the proliferation of regional and bilateral trade agreements, including

the modest achievements from the Uruguay and Doha Rounds. Costa Rica is a firm supporter of multilateralism but is dependent on international trade and on penetration into foreign markets. In view of the time taken to conclude the Doha Round, it has had no option but to conclude free trade agreements with a number of countries, including with the United States, the European Union, and more recently, China. Multilateralism will help to create a level playing field for all countries and counter protectionism. We support the Doha Round, which will solve problems that cannot be addressed under bilateral and regional agreements, and its successful completion is critical.

M. P. Rübzig (Rapporteur)

Agriculture encompasses much more than just food, and will assume increasing importance as we look for sustainable resources. The Doha Round focuses on the old, traditional system, and should be concluded as soon as possible, so that we can focus on the future and relatively new concepts such as substitution.



Mr. J. Chen (China)

Multilateralism and regional trade agreements promote global trade liberalization and development, and are complementary. However, if regional trade agreements are going to enhance the development of the multilateral trade system, we need to maximize their benefits and minimize their shortcomings. Over the past 60 years, the multilateral trade system has been shown to provide a strong guarantee of trade freedom and transparency, and its irreplaceable role, including in preventing protectionism, has been demonstrated during the recent global financial crisis. The slow progress of the Doha negotiations does not mean that the multilateral trade system has failed.

However, there is no denying that the longer the negotiations last, the more damage might be done to the credibility and effectiveness of the multilateral trade system. China considers the multilateral trade system as the best option for trade policy, and the Doha Round must therefore be concluded successfully as soon as possible.



Mr. N. Mimica (Croatia)

Multilateralism is the best solution for global trade. Regional preferential trade agreements will not pose a threat to the multilateral trading system provided that they are notified to WTO and consistent with WTO rules. Free trade arrangements are flourishing because the multilateral system has stalled, and only the successful conclusion of the Doha Round will slow down the proliferation of bilateral and regional trade agreements. We need clearer and more precise criteria regarding the negotiations on the Doha Development Agenda and WTO reform.

Mr. O. Al Kurdi (Saudi Arabia)

WTO should adopt a new method of working with a view to concluding the Doha Round. Regional trade agreements should be used in a positive manner to enable us to achieve our objectives.

Mrs. D. Juul-Joergensen (Discussant)

Every effort is being made to conclude the negotiations on the Doha Development Agenda. Significant progress has been made in this round of negotiations in the area of agriculture, but there are a number of outstanding issues regarding the services sector – a relatively new sector in terms of WTO rule making. We need to be cautious about adopting a new working method and must respect what has been acquired during the decade of negotiations. WTO is a member-driven organization,

and it is up to Members to help push it forward and make best use of the existing mechanisms and rules. Transparency and a well-functioning dispute settlement mechanism are key elements but can only be as strong as WTO Members allow them to be.

Mr. L. Heber (Rapporteur)

It is important to remember that trade liberalization, not multilateralism, is the ultimate aim. WTO can help to promote trade liberalization and it deserves the support of Members.

Mr. P. Rübiger (Rapporteur)

WTO should not be blamed for the fact that the negotiations on the Doha Development Agenda have been going on for a decade. Notifications of all trade barriers, including import and export rules, should be provided in order to enhance transparency.



Mr. R. Sturdy (European Parliament)

I believe bilateral agreements help with multilateral agreements. Countries and industries should not be frightened of trade agreements, and must not implement non-tariff barriers, since free trade in itself brings prosperity. In order to facilitate an agreement, agriculture is an area that might be taken out of the Doha negotiations. As we have been unable to come to a WTO waiver agreement for Pakistan, could WTO do more in the event of natural disasters? Also, is a bad Doha agreement worse than no agreement at all?

Mrs. I. Zabalar Escóbar (Bolivia)

Due account must be taken of the importance of the participation of LDCs in world trade. The LDCs should be allowed to conclude regional trade agreements on the basis of multilateral standards in

the same way as developed countries and countries with emerging economies. WTO decisions should be taken on the basis of consensus in order to give them greater legitimacy.



Mr. S. Yudha (Indonesia)

I agree that the proliferation of bilateral and regional trade agreements is inevitable. The compatibility of such agreements with the multilateral trading system should be reviewed. As the uncertainty regarding the development of the Doha Round could lead to an increase in trading blocks, what can parliamentarians do to facilitate the conclusion of the Doha negotiations?

Mr. P. Rübiger (Rapporteur)

The multilateral system provides benefits to its members. This can be seen from the example of China, a relatively new Member of the WTO, that has gained considerable power and influence in world trade in comparison to Russia, a country that has yet to join the Organization. Parliamentarians need to have relevant information regarding the status of the Doha negotiations and the potential benefits of an agreement.

Mr. L. Heber (Rapporteur)

It is important that we proceed by consensus; we don't want the economically powerful imposing their will so the weaker States don't have a say. In my opinion, it is better to have an incomplete Doha Round, rather than no agreement at all.

Mrs. D. Juul-Joergensen (Discussant)

Regional trade agreements may lead to the elimination of non-tariff barriers, which may in

turn have a positive impact on WTO Members that are not Parties to those agreements. Agriculture, in particular the importance of subsidies to cotton farmers in developing countries, is an interesting area, and as part of the Doha negotiations, we are working towards a package for development, including an agreement to address trade distortions caused by subsidies in the cotton sector, unlimited market access for all least developed countries and Aid-for-Trade assistance to help build trade capacity. An important issue is how to ensure the special differential treatment aspects are reflected. On the question of whether a bad agreement would be worse than no agreement at all, I would note the over the 10 years of negotiations, significant progress has already been made in a number of areas. In addition, the multilateral trading system is fundamental for the global economy and it is important that we, as WTO Members continue to support and advance that system.

Mr. J. Owona Kono (Cameroon)



In order to enhance transparency and the credibility of WTO, there is a need to deal with questions relating to the interpretation of Article XXIV of GATT 1994. It would be useful if WTO were to clarify issues such as the definition of trade and transition periods to be observed.

Mr. R. Hemplemann (Germany)

Attempts should be made to make multilateralism and bilateral and regional trade agreements complementary. I agree that WTO should monitor the implementation of preferential trade agreements. The relatively high level of transparency makes such agreements so attractive for many governments. What can be done to make WTO and the Doha Round more transparent and easier to understand?

Mr. D. Matongo (Zambia, Co-President of the ACP-EU Joint Parliamentary Assembly)

What is the value of WTO for the least developed countries and what do economic partnership agreements do for those countries?

Mr. J. Gaubert (France)



Multilateralism, although the best option, is a difficult area. Experience shows that citizens often have some sympathy with protectionism. The different economic models adopted by countries and a lack of consistency among countries in areas that may not fall within the purview of the Doha Development Agenda, such as health, safety and the environment, may also be problematic. Bilateral and regional trade agreements are often easier to implement as the systems involved can be more easily harmonized, and can sometimes pave the way for multilateral agreements.



Mrs. D. Juul-Joergensen (Discussant)

The definition of trade and establishment of transition periods are central to the ongoing talks. Greater

clarity and clearer definitions would help monitoring efforts and ensure that regional trade agreements comply with the rules. Trade and environment are the subject of negotiations in the context of the Doha Development Agenda. I would hope that, with increasing global attention on climate change and environmental issues, they will also be reflected in the ongoing talks in the WTO context. However, it may be easier to make progress on those issues in the context of a regional trade agreement.

As to the value of the WTO for the LDCs, the multilateral trade system has very significant systemic value; it is non-discriminatory, sets out clear rules and helps to provide protection, and is therefore particularly useful for smaller and more vulnerable countries. In the ongoing negotiations in the Doha context, there is a package on development issues; non-reciprocal commitments are covered and there is no expectation for further liberalization for the LDCs. Economic partnership agreements are an interesting example of a new generation of regional trade agreements that cover regulatory and development aspects as well as the liberalization of trade. Liberalization within regions and allowing for trade with neighbouring countries is likely to have the greatest economic effect. In the past, there have been barriers to trade within regions, including the ACP region, that may have limited the possibilities for economic growth and development.



Mr. L. Heber (Rapporteur)

There is a need for more clarity with respect to Article XXIV of GATT 1994. Although WTO has been of assistance in helping countries avoid obvious forms of protectionism, it does have to adapt to deal with new forms of protectionism that result from contemporary trade. Although I agree that difficulties can arise because of different economic models, the number of different economic models

is decreasing as countries move towards a more liberal system. I agree that the environment is a difficult issue. While environmental protection is one thing, environmentalism should not be used as a non-tariff barrier, and as a means to engage in protectionism. The carbon footprint issue needs to be dealt with very carefully to ensure fairness. Although developed countries are interested in WTO and derive benefit from it, developing countries should consider how the WTO can be a useful forum for them to ensure that all countries work as equals.



Mr. P. Rübig (Rapporteur)

I agree that we should be careful not to use environmental issues as an excuse to engage in extra protectionism. Capacity building will help parliamentarians to play a more informed role in the debate.



Mr. J. Horváth (Hungary)

I agree that policy coherence is important, and that WTO decisions and agreements should be consistent with those adopted in the United Nations. How can WTO help to diminish the dissatisfaction associated with unmet demands and ensure that our actions have the desired impact?

Mr. K. Arsenis (European Parliament)

What can be done to ensure that WTO work is consistent with the multilateral agreements and decisions adopted in the United Nations framework, such as the Convention on Biological Diversity?



Mr. A. Moumini Soefou (Comores)

While free trade will undoubtedly improve the economies of our countries, how can developing countries like mine, that are dependent on customs earnings, support free trade without the conclusion of the Doha Round?

Mrs. D. Juul-Joergensen (Discussant)

It is true that there is no comprehensive package to ensure coherence, and a large part of the responsibility for ensuring coherence falls to governments. However, efforts are ongoing at the multilateral level to increase coherence. In the WTO there is an understanding from the Uruguay Round on coherence and global economic policy making that sets up a framework for cooperation between the WTO, the IMF and the World Bank. One of the issues it addresses is the question of revenue losses as a result of trade liberalization. Although the WTO is not formally part of the United Nations system, it does participate in some United Nations bodies as an observer. Negotiations are also ongoing on the interface between the rules of the multilateral trading system and the rules of the Convention on Biological Diversity. A number of joint studies have also been carried out between the WTO Secretariat and the ILO Secretariat on the implications of trade liberalization for employment.

It is true that it is easier to convey to the public information on a more limited trade agreement than information on a very complex set of negotiations

that have been ongoing for more than ten years. Transparency is crucial in order to foster greater understanding and further the agenda of the multilateral trading system.



Mr. L. Heber (Rapporteur)

It is very difficult for countries to be competitive against subsidized products. I believe that free trade, where countries produce on the basis of comparative advantage, will help to create equality and lead to greater coherence, and that this can be strengthened by steps taken internally by the country concerned.

Mr. P. Rübige (Rapporteur)

The involvement of other stakeholders including the United Nations, social partners and civil society is important in order to reduce levels of dissatisfaction and ensure that actions have the desired impact.



Mr. V. Moreira (European Parliament)

Bilateral trade agreements deliver swifter results and can go deeper than multilateral trade

agreements. However, their proliferation does have negative consequences, such as the need for strong political, financial, technical and administrative resources; the erosion of the trade preferences of the LDCs; the fact that countries that achieve their main interests through bilateral agreements may lose interest in the multilateral system and be less eager to conclude the Doha Round; and the fact that such agreements can be politically contentious. How decisive are the side effects of bilateral trade agreements, and can mechanisms be developed to reduce the disadvantages of such agreements?



Mr. I. P. Hong (Republic of Korea)

I would like to thank the Members of the European Parliament here today for ratifying the free trade agreement between the European Union and the Republic of Korea so soon.

There is no doubt that multilateralism is the best way to stabilize the global economy and liberalize world trade, and the 2010 G20 Seoul Summit conveyed a strong message concerning the need to conclude the Doha Round by the end of 2011. While multilateralism and regionalism are compatible, the problem is how to harmonize free trade agreements and multilateralism. The issue of multilateralizing regionalism is worthy of consideration. It may also be useful to specify substantive and procedural requirements of regional trade agreements covered by Article XXIV of GATT, and I invite parliamentarians to convey this message to those negotiating in the Doha Round.

Mr. N. Al Zamil (Saudi Arabia)

If more attention is paid to justice and equity, it may be possible to palliate the fears felt by all countries of the world.

Mr. P. Rübig (Rapporteur)

Parliamentarians must demand more information from their ministers regarding the state of play of the negotiations and the options available. Given the often large number of countries providing inputs for products in an increasingly globalized world, product origin is becoming an ever more important issue in global trade and one that WTO must address.

Mr. N. Talpur (Pakistan)

It is important to remember that the multilateral rules based system of international trade is only 60 years old, and that international trade has been governed by bilateral and regional trade agreements for much longer. However, regional trade agreements do not address agricultural concerns, and are the primary cause of trade distorting practices in that sector. Multilateralism is the best solution. Pakistan expects the WTO to support the proposal from Members of the European Union for a waiver on production from Pakistan.

Mr. L. Heber (Rapporteur)

I agree that the world is full of fear. However, the one fear that we should all have is that things will not change and the poor will remain impoverished.

Mrs. D. Juul-Joergensen (Discussant)

The European request for a waiver with respect to trade preferences for Pakistan is aimed at addressing the difficult situation in that country following the natural disasters in 2010. The trade preferences are intended as an emergency measure and should therefore be provided as soon as possible. They are not on a most favoured nation basis, but are aimed at offering additional market openings to Pakistan in order to assist economic recovery. As they are preferential, a waiver from WTO is required. Discussions are still ongoing, and it has not yet been possible to bring the issue to a close, but we hope to bring it forward so that the measures can take place.



SUBSTANTIVE THEME (B)

REBALANCING THE RULES OF THE MULTILATERAL TRADING SYSTEM IN FAVOUR OF THE POOR

Discussion paper presented
by Mr. Lormus Bundhoo (Mauritius)

The Doha Round of negotiations launched in 2001 has still not been concluded and, therefore, the development potential it was expected to yield has yet to be materialized. That too will depend on whether the outcome of the negotiations is fair, equitable, balanced and development-oriented.

It should be recalled that most of the developing countries signed the Uruguay Round Agreement without having really participated in the negotiations because of lack of capacity, financial resources and negotiating skills. They also lacked the capacity to analyse the implications of the various agreements signed and the commitments taken, which became an implementation burden, in particular in new areas such as Trade in Services, TRIPS and Rules, which were not of direct interest to their development. Even in areas where they had a vested interest, for example agriculture and non-agricultural market access, the outcome was well below their expectations given that developed countries retained the latitude to provide massive subsidies to their domestic agricultural sector and subsidise exports.

Developing countries with a per capita income of over US\$ 1,000 had also committed to phase out investment and trade incentives under the Subsidies and Countervailing Measures Agreement, which are necessary to support industrial development. It should be noted that the developed countries had

recourse to such measures in the past to develop their own economies. Huge amounts of subsidies are still being provided by developed countries to their already rich farmers, which has the effect of reducing the price of agricultural goods on the international market to the detriment of poor countries, for whom agriculture is the mainstay of economic growth compared to the modest share of agriculture in the GDP of developed countries.

The erosion of trade preferences resulting from implementing the Uruguay Round Agreement has had a devastating impact on the most vulnerable and least developed WTO Members. The Doha Development Round will further exacerbate this situation. Small and vulnerable countries have already been severely affected by the phasing-out of the Multi Fibre Agreement. Many textile and garment factories have been relocated abroad, which has severely affected employment and income in those countries.

Although the WTO Agreements contain several provisions on special and differential treatment for developing countries, these mostly take the form of a longer implementation period. In addition, technical assistance and capacity-building provisions remain of a best endeavour nature and do not legally bind the developed countries to provide such assistance. Even in cases where assistance is legally binding, for instance on technology transfer under the TRIPS Agreement, none of the developed countries have so far taken concrete measures to honour these obligations.

With a view to addressing the lacunae in the Uruguay Round Agreements, the Doha Ministerial Declaration adopted in 2001 agreed to address implementation issues arising from these Agreements and to strengthen special and differential treatment clauses in WTO rules as the direct development issues that would redirect the inequitable WTO rules towards development concerns.

The Doha Declaration also included a pledge to put the developing countries' needs and interests at the heart of the WTO Work Programme. This pledge was understood to mean that:

- (i) The WTO rules would be rebalanced through amendments to the existing provisions by activating the implementation issues raised by the developing countries;
- (ii) The special and differential treatment provisions would be strengthened;
- (iii) Agricultural trade distortions would be removed by phasing out domestic and export subsidies on developed country markets;
- (iv) Markets in products of export interest to developing countries would be opened up;
- (v) The concerns of LDCs and small and vulnerable economies would be addressed, including by tackling the problem of preference erosion; and
- (vi) Technical and financial support would be provided to developing countries to build capacity and cope with adjustment costs.

The question that remains is whether the Doha Development Agenda is moving in the direction of addressing the above-mentioned development-related issues. Looking at the process so far, it is clear that the focus has now shifted from development to purely market access negotiations, with the developed countries desperately attempting to open up opportunities for their products, particularly on the emerging markets.

Will the Doha Development Round facilitate the integration of developing countries, particularly small and vulnerable economies and LDCs into the multilateral trading system? Will the results be fair, equitable and balanced? Will the specific needs of developing countries be addressed to fulfil promises made at Doha and at subsequent trade negotiation forums? Should the mandate of the

negotiations be amended to reflect more accurately the needs of the developing countries and refocus the negotiations from market access to amendment of the inequitable rules? These are but some of the questions that need to be answered.

The following elements of the Doha Development Agenda may move the process towards achieving the development objectives:

- (i) Significant reductions in domestic support and elimination of export subsidies in developed markets, in particular cotton subsidies;
- (ii) Substantial reduction in tariffs both for agricultural and industrial goods of export interest to the developing countries with an appropriate carve-out for products most sensitive to preference erosion;
- (iii) Opening up of markets in the services sector on an asymmetrical basis coupled with technical assistance to support the development of the services sector in the developing countries;
- (iv) Making technical assistance legally binding and strengthening special and differential treatment;
- (v) Completing the work programme for small economies; and
- (vi) Increasing aid for trade resources with a fast-track disbursement mechanism.

Discussion paper presented by
Mr. Helmut Scholz (European Parliament)

1. Reinforcing the WTO system

When establishing the World Trade Organisation, the founding parties were *"Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development."*

One might recall that back in 1994 there was considerable doubt on whether the WTO would be the right instrument to reduce poverty in the world, in particular among governments of developing countries and among civil society organisations. Negotiations in the Uruguay Round had dragged on for a long time and it wasn't until the collapse of the bipolar system and the subsequent reshuffle of the world economic order, that developing countries were willing to trust the promises that creating the WTO would tremendously increase their share in world trade and contribute to the well-being of their populations.

In the year 2011, with new hopes emerging that the tortuous negotiations in the framework of the Doha Development Agenda could come to a conclusion and almost 20 years after the Marrakesh Agreement, it is more than just to evaluate whether the WTO has delivered on those promises, and to what extent its very architecture might have to be improved in order to do so more effectively.

According to various opinions in civil society and by international NGO's working on challenges to reduce poverty and underdevelopment, the membership to the WTO did not help the vast majority of developing countries to increase their market access and exports to the extent proposed at the beginning, nor to maximise the benefit of their comparative advantage for their own development. According to the World Bank, Africa's share in world exports fell from 4.5 % in 1980 to 2.6 % in 2007. If we leave out oil exports, it is even worse.

Looking at the recent development in the Southern Mediterranean, it should become more obvious that the complexities of international economic relationships, including the rules and principles of World Trade, are subject to permanent public scrutiny by citizens – as their ability to use the results of economic exchange is simply the final judgement on efficiency and fairness of structures of international trade policies. Therefore it seems to me important that our parliamentary participation in the forthcoming decisive phase for a possible successful conclusion of the Doha-round and the future attractiveness of the WTO, has to draw attention to a certain increasing perception in parts of the societies, that a lot of what was achieved in improved market access thus far through tariff reduction, has been offset by increases in non-tariff barriers and abuse of anti-dumping rules mainly against products from developing countries, such as textiles, may it be even an expression of the political and social conflicts within the countries

having opened to the challenges and realities of a globalized economy. In addition, legitimate growing demands of consumers in growing markets with import potential have not been balanced by measures helping producers in developing countries to adequately meet these demands.

During the two last decades, the policy of the World Bank and the IMF was to encourage developing countries to open up their economies rapidly and to reduce drastically state spending and involvement. This went hand in hand with WTO measures and some argue that it could have weakened considerably the production capacity of most developing countries as well as the national and regional markets. Without sufficient "aid for trade" schemes, most developing countries were not able to build up, maintain or rebuild either the required infrastructure such as ports, railways or roads, nor to develop the necessary skilled labour, academic and other professionals necessary to benefit from a so-called globalized world economy. Lessons learned from the ongoing crisis must include that economies are much more complex and much more interlinked with development needs of societies than was previously understood. We now need a new understanding, a post-Washington-Consensus – as has been recently discussed in different ways at the Davos WEF and by parliamentarians from Latin America, Africa and Europe at a World Parliamentary Conference on the eve of the WSF in Dakar.

To state it quite early, we have to give the WTO the tasks and capacities to increase the trade potential of the majority of its member states. That must include measures of linking the WTO closer to the Bretton woods institutions, and the 16 UN institutions already active in the development field, in particular the UNDP, UNCTAD and FAO. This requires a lot more coherence in the policies pursued by the world's leading economic actors. We should not be too distracted by first signs of a recovering international economy: in spite of certain G8 and G20 decisions, mass poverty remains a characteristic feature of the world population and that fact is shameful.

2. Special and differential treatment of developing countries

Developing countries have signed up to WTO membership under the assumption that a rules based world trade system would be of benefit for them. It is in their interest to make sure that the rules they agreed to are indeed applied and implemented. And this before endeavouring to take on additional

issues on the WTO agenda, such as the so-called "Singapore issues".

In my view, the focus on the sectoral negotiations and expansion of the WTO-agenda has left the WTO less able to respond to issues related to the implementation and operationalisation of the existing agreements and principles under WTO law, especially those related to developing and least developing countries' rights.

Developing countries need to benefit from special and differential treatment (SDT) flexibilities across the board. This includes allowing them to refuse to open their market in reciprocity with the developed ones and granting full duty-free and quota-free market access, for all LDC exports - and not only for 97% of them - as has been proposed so far, to all OECD countries and a set of major emerging economies. Further proposals are also needed to address preference erosion concerns.

SDT is not a demand for the future. It is one of the founding principles of the WTO. It is integrated in the WTO law through Chapter IV on trade and development and through various articles such as Article XVIII on balance of payment matter and other provisions that stipulate for longer transition periods or less obligations on behalf of developing countries. Representatives from the Middle East based Arab NGO Network for Development stressed in this context that at the centre of SDT is the principle of non-reciprocity, which in practice is being reversed. For example they analysed that the negotiations regarding NAMA show that if the Doha round will be terminated based on the current proposals at the table, then developing countries will be undertaking much higher tariff cuts than developed countries. Therefore, I would state that we really face a need to review SDT in order to develop an action-oriented strategy for the WTO, and thus operationalise the respective rights of developing and least developed countries. Let me recall that some new Members for good reason have formed a group in the WTO called the Recently Acceding Members Group (RAMs). This group asks for special conditions of these countries to be taken into consideration in the ongoing negotiations, especially the fact that they already have given a lot of concessions under their accession package.

The moment of accession and the related negotiations have indeed led to a loss of several of special and differential treatment rights that they have under the WTO law. These are reflected in WTO-plus and WTO-minus measures, whereby

these countries may be obliged to give up their rights to fewer concessions in specific sectors, give up transition periods, or be obliged to accede to agreements they are not obliged to be part of, such as the plurilateral agreement on government procurement under the WTO. These have significant developmental implications on national economies and policymaking. Concessions made by previous Members have led to a downward oriented spiral that has become most problematic for the 30 developing and least developing countries currently negotiating accession to the WTO. This issue is of high concern and necessitates looking into reforming the accession process and the ability to secure the rights stipulated under WTO law.

Developing countries also face significant challenges with regard to the implementation of commitments, after the end of transition periods under negotiated agreements. They have presented several proposals addressing this aspect, which have not been adequately taken into consideration so far. Among developing countries there is a growing perception that instruments such as the anti-dumping agreement are being over-exploited by developed country stakeholders to block imports from developing countries. Proposals put forward by developing countries include linking the review of implementation issues to two measures to be undertaken: (1) to give extension period for the transition time in areas where implementation problems have arisen and (2) to put a moratorium on dispute cases in areas where implementation problematic have arisen, until the needed review of implementation issues have been undertaken.

Decision making should be made more inclusive and transparent, keeping the rule of consensus, clarifying the role of chair of committees by proposing a code of conduct for them, and making sure that negotiations among groups of countries observe the principle of due representation.

The dispute settlement body should be reinforced, in order to turn it into a real judicial body, with the usual rules of such a body regarding transparency and balancing of core values and interests, taking into account the rules of other UN bodies related to the case when making the decisions.

3. Reform of the agriculture sector

Given the importance of the agricultural sector in the economies of the LDCs, particularly its role in human development, food security and rural development, reform of farm trade is needed. There

are already proposals in the right direction, even if more can be done.

If Doha is closed successfully, taking into account decisions reached so far, developing countries will gain from more level playing field in agriculture. Maybe most importantly, trade distorting measures such as subsidies will be cut (80% for the EU and 70% for the US), and all export subsidies will be eliminated. Developed countries' farm tariffs will be reduced by at least 54%.

But the WTO should not focus only on market access. It should also take initiatives in order to stabilize the market of some products key for the development of poor regions in coordination of the FAO, UNDP and UNCTAD. Let us not forget that the global recession came on top of the recent experience of high food and fuel prices. In 2009 here in Geneva, during the Global Aid for Trade Review Conference, Mr. Donald Kaberuka, President of the African Development Bank (AfDB), began his intervention by noting that at the start of the current economic crisis there was an optimistic, perhaps naïve view, that Africa would not be affected. The reality was and is that the crisis had come sooner, was deeper and could last longer in Africa than anyone had expected. He stated then that the crisis had been transmitted to African economies through trade, or more specifically, the commodities channel. Those economies most dependent on commodities had suffered the most.

And it was stated recently – beyond others – by the Economic Community of West African States (ECOWAS) that a new proposal of regulation to control the monopolies of retail chains should mostly become a new task of the WTO.

However, improving market access is vital to create development opportunities to LDC's economies, especially for basic sectors such as cotton, peanuts and sugar. If the DDA is to live up to its name, the issue of cotton needs an early solution, with deeper cuts, and more rapid implementation, in subsidies to the cotton sector than agricultural products in general. It is a question of credibility.

Doha could also have an impact on fisheries subsidies, of which currently a large part go to increased expansion of production, fuel subsidies, and vessel construction for catches of already overexploited and significantly depleted stocks. Many small islands and poor coastal regions depend on fisheries for livelihood and food security. It is therefore important to reform subsidies and

readdress efforts to improve sustainable fisheries management practices and safeguard the future of global fish stocks.

4. "Aid for Trade" and trade facilitation

Enhanced market access is not enough for many of the poorer countries, as many of them simply do not have the capacity to take advantage of these opportunities, mainly because of the lack of production. If developing countries are to reap the benefit of integration into the world economy, they need help in building their trade-related capacity, production and infrastructure, in order to be able to implement and benefit from WTO agreements and take advantage of new and existing trade opportunities and adapt to a changing external trading environment.

Aid for Trade is necessary to address developing countries' supply-side constraints and trade-related bottlenecks. It is critical that the level of Aid for Trade flows is increased in the future, but we also need to learn more about what does and what does not work, and why, and to ensure it is not used to "buy off" poorer developing countries to support unfair and imbalanced deals. Mutual accountability ownership and transparency are needed. We need indicators to track the implementation and impact of aid for trade, and performance information should be an integral part of managing these activities. The Aid for Trade Third Global Review here in Geneva in July 2011 will be very important in this respect.

The projections for increased trade due to the proposed improvements in trade facilitation are substantial and some even suggest that the benefits for developing countries could by far exceed the gains in other areas for negotiation. For instance, it is estimated that for Sub-Saharan Africa it could be worth –10bn in additional economic activity each year (+2%), half the annual inflows of Official Development Assistance (ODA). If it is possible to achieve this, will however much depend on governments' own commitment to reform domestic policies and infrastructure to ease border-crossing for goods and services, and the development aid that will be provided by developed countries to implement these reforms.

The goal of these reforms must be to increase the volume of intra-regional trade. Today, many developing countries still suffer from mono-directional export routes inherited from a colonial past. The result is a constant net flow of resources

and in fact also of money from the South to the North. Increased intra-regional trade flows would help to reduce the South-North trade deficit. While more than 60 percent of Europe's trade takes place within the region, for the African continent this figure reaches only an estimated 10 to 12 percent, or merely 3 percent within the North African region. The World Trade Organisation needs to develop its awareness of the importance of functioning and sustainable trade flows within the world's regions.

Given today's level of interconnectedness in global markets and between markets of developing and developed countries, I conclude that it is legitimate to state that developed economies need growing developing markets in order to sustain their own growth. The more effective role the WTO plays in helping developing countries benefit from international trade and grow, the higher ability there is for developed countries in benefiting from this growth. Intra-regional trade growth is the fast track to achieve world market relevance for developing countries.

The reform policies also include the need to create sound economic, social and environmental frameworks, strategies for enhancing human capacities and good governance, and ensuring that the vulnerable are protected. The latter is in fact often overlooked. If not put in the right framework, trade opportunities might not benefit the whole population equally. "In favour of the poor" should therefore not only be understood as "poor countries", even if it is where a majority of poor people live, but as all those who live in poverty, be it in the developing or developed countries.

5. Accompanying policies of world trade

Trade does not happen in a vacuum context. The European Parliament has already on many occasions stressed the need for new links to be forged between multilateral organisations so as to ensure consistency and coordination in their actions, in the interest of sustainable development and poverty eradication.

I personally want to underline – in the current context of debates about the stage of play of international organizations that WTO actions should be supportive and consistent with the action being taken by other international organisations such as the International Labour Organisation (ILO), the United Nations Food and Agriculture Organisation

(FAO), the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the World Health Organisation (WHO), the United Nations Conference on Trade and Development (UNCTAD) and the Kyoto programme on renewable energy. In order to find new tools and a mechanism within the WTO structures which ensure that the implementation of policies of international economic organizations, in particular the IMF and the World Bank, will not undermine the production capacities of developing countries, impeding them to use the new export possibilities, I propose to start a more jointly initiated discussion process with representatives from all regions addressing these challenges. Measures to be discussed and elaborated could include for example the idea to create a fair and democratic global currency system, since excessive exchange rate fluctuations have a deep impact on prices for commodities and goods.

Economic growth taking place without respect for human rights can actually be at the detriment of the poor, who are often neglected and have difficulties in defending their rights when big economical interests are at stake. Many poor people have been evicted from their lands, for example in Cambodia, as multinational companies have achieved large land concessions for their activities. Extracting industries who do not respect environmental standards destroy the livelihoods crucial for the survival of poor people in Latin America – just to give a few examples. Poor people might have even more to gain from the proper implementation of the *Decent Work Agenda*, as they are often more exposed to hazardous working conditions and exploitation. Business models that are based on trading what exploited people have produced cannot be sustained.

If we really want to rebalance the rules of the multilateral trading system in favour of the poor, this larger picture also needs to be taken into account. We need to deliver on all the Millennium Development Goals, and the conclusion of the Doha Round would contribute to this, and to MDG 8 in particular, through special treatment of developing countries and not the least of LDCs. Developing countries need to reform their own policies, with sustained efforts through the Aid for Trade, but we also need a trading system which respects human rights, social and environmental standards.

Let me conclude by quoting Helen Clark: *"We need a global trade deal which works for poor people and poor countries."*

INTRODUCTORY REMARKS



Mr. Lormus Bundhoo, Rapporteur (Mauritius)

In June 2010, the WTO Director-General had said that the early and development-oriented conclusion of the Doha Development Round, and the complementary initiative of Aid-for-Trade, would, in his opinion, go a long way to enhancing the benefits of trade for the poorest Members of WTO. With that in mind, let's look at what the Doha Development Agenda addresses.

As it is a development round, the Doha Round can't simply be a continuation of the Uruguay Round, and must address the current imbalances in the international trading system to ensure that developing countries, especially the LDCs and small vulnerable States, share the benefits of expanding global trade. As the Round has not yet been concluded, the development potential it is expected to unleash has yet to be materialized. This has implications for the achievement of the Millennium Development Goals, which seek, inter alia, to create an open, rule-based, predictable, non-discriminatory trading and financial system with a focus on needs of the LDCs.

The Doha Round offers a unique opportunity to reduce poverty and generate growth through the reduction of trade distortions, increase market access and rebalance the role of multilateral trade for development. The multilateral trading system must be supportive of national efforts, and the greatest impact will be felt if the international trading system is fairer and more responsive to the needs of developing countries. Increased market access is not enough, efforts must be made to reduce non-tariff barriers, give developing countries – particularly the LDCs and small vulnerable

economies – the necessary supply capacity to take advantage of trade opportunities, and take into account the regional dimension of trade and South-South cooperation. Developing countries should be permitted greater flexibility in terms of policy space in order to diversify their economic base, invest in value addition activities, achieve food security and foster human development. We need to build on the current flexibilities in the draft modalities for agriculture and non-agricultural market access.

However, the prolonged duration of the Doha Round and the focus of major WTO Members on bilateral and regional free trade agreements threaten to render obsolete aspects of the Doha Development Agenda, at a time when other global issues such as climate change, food security and rising food costs, new pandemics, disaster management and global peace and security are top of the international agenda. In order to be relevant and send the correct political signal to international financial system, the Doha Round must be concluded sooner rather than later.

Trade is not only an engine of growth but a vital part of a set of interrelated development strategies that are essential, particularly for the developing countries. Even the best designed trade liberalization and reform programme can't stand alone; its success is dependent on a variety of associated policies including appropriate investment regulations, sound macro-economic policies, the consolidation of trade-related infrastructure and strategies for export promotion.

Aid-for-Trade and development assistance are prerequisites. However, Aid-for-Trade should not be provided to the detriment of official development assistance. The international community should recommit to the United Nations target of providing 0.7 per cent of GNP on ODA. It should also replenish, as a matter of urgency, the multilateral and regional development fund; deliver all additional committed resources to priority countries and groups; increase the share of aid provided as budget support; ensure that earmarked ODA is in line with the priorities of the recipient countries; deliver on aid effectiveness commitments, set new targets and identify innovative financing mechanisms.

Even if the Doha Round is concluded with the best outcome for the poorest, it will mean little if imbalances persist in other global processes, particularly those related to international development financing. A more coherent approach

must therefore be adopted by the IMF, World Bank and WTO if the shackles of poverty in many vulnerable economies are to be removed in the long term. New trade opportunities will mean little to developing countries, including LDCs and small vulnerable States, if those countries are unable to address constraints in productive capacity at all levels and have no goods and services to trade. This is our challenge today. Will we rise to it?



**Mr. Helmut Scholz, Rapporteur
(European Parliament)**

Given the recent developments in the Southern Mediterranean, it should become more obvious that the complexities of international economic relations, including the rules and principles of international trade, are subject to permanent public scrutiny. It is not enough to copy and paste old declarations, and we, as parliamentarians, have to do more to come to concrete conclusions and meet the expectations of the people we represent.

The founders of the WTO recognized that relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objectives of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development.

How can it then be that, according to the World Bank, Africa's share of world exports fell from 4.5 per cent in 1980 to 2.6 per cent in 2007? Something is not working correctly in our efforts to build fair

trade exchanges, and that must be addressed as a matter of priority by WTO and our parliaments. The special and differential treatment for developing countries has to be reinforced. Developing countries have signed up to membership of the WTO under the assumption that the rules-based world trade system would be of benefit to them. It is in their interests to ensure that the rules they agreed to are applied and implemented before taking on additional issues on the WTO agenda, such as the so-called 'Singapore issues'. The focus on sectoral negotiations and the expansion of the WTO agenda has left the WTO less able to respond to issues related to the implementation of existing agreements and principles under WTO law, especially those regarding the rights of developing countries and the LDCs.

Developing countries need to benefit from special and differential treatment flexibilities across the board. This includes allowing them to refuse to open their market in reciprocity with developed countries and granting full duty-free and quota-free market access for all LDC exports – not just 97 per cent of them as has been proposed so far – to all OECD countries and a set of major emerging economies. Further proposals are needed to address preference erosion concerns. There has been a loss of special and differential treatment rights for developing countries, which has significant development implications for national economies and policy making. Concessions made by previous Members have led to a downward spiral that has become most problematic for the 30 developing and least developed countries currently negotiating accession to the WTO. This is a matter of serious concern, and consideration should be given to reforming the accession process and guaranteeing the rights stipulated under WTO law. I think we all agree with the WTO Director-General that we have to improve the functioning of WTO in that regard.

Developing countries also face significant challenges with regard to the implementation of commitments after the end of transition periods under negotiated agreements. They have presented several proposals addressing that issue, which have not yet been adequately taken into consideration.

Decision making in WTO should be made more inclusive and transparent, by retaining the principle of consensus, clarifying the role of committee chairs through a code of conduct, and ensuring that negotiations among groups of countries observe the principle of due representation. The dispute

settlement mechanism should be reinforced. The usual rules regarding transparency and the balancing of core values and interests should be maintained.

In order to be better able to serve the poor, WTO must pay increased attention to farmers. Given the importance of the agricultural sector in the economies of the LDCs, in particular for human development, food security and rural development, reform of the farm trade is needed. Although proposals have been made in this direction, more can and should be done. Doha foresees that trade-distorting measures, such as subsidies, will be cut by 80 per cent for the European Union and by 70 per cent for the United States, and that all export subsidies will be eliminated. The farm tariffs of developed countries will be reduced by at least 54 per cent. Efforts should also be made to improve sustainable fisheries management practices and safeguard the future of overfished stocks.

However, the WTO should not focus only on market access. It should also take initiatives and create new international instruments in order to stabilize the market of some products that are key to the development of poor regions. Its actions should be supportive of and consistent with the action being taken by other international organizations, such as the ILO, FAO, UNEP, UNDP, WHO and UNCTAD. Also, as stated recently by ECOWAS, a new proposal concerning regulation to control the monopolies of retail chains should become a new task for the WTO.

Aid-for-Trade and trade facilitation are other areas where action by WTO could improve the conditions of poor countries. Mutual accountability ownership and transparency of Aid-for-Trade are urgently needed. Aid-for-Trade is necessary to address developing countries' supply side constraints and trade-related bottlenecks. It is critical that the level of Aid-for-Trade flows is increased in the future, but we also need to learn more about what does and does not work, and why, and to ensure that Aid-for-Trade is not used to buy off poorer developing countries in exchange for their support of unfair and imbalanced deals. The more effective the role of WTO in helping developing countries to benefit from international trade and grow, the more likely it is that developed countries will benefit from this growth. Intra-regional trade growth is the fast track to achieve world market relevance for developing countries. WTO should increase its action and build instruments to help developing countries increase their intra-regional trade exchanges.

Economic growth that takes place without respect for human rights, such as the right to food and development, can actually be to the detriment of the poor who are often neglected and have difficulty defending their rights when big economic interests are at stake. Although this fact has been taken into account by some industrialized countries, the studies of impact assessments are often available too late to influence negotiations on free trade agreements. WTO should support the use of United Nations Human Rights indicators in the multilateral negotiations.

If we really want to rebalance the rules of the multilateral trading system in favour of the poor, we need to take into account the big picture. We need to deliver on all the Millennium Development Goals, and must work together to ensure that we obtain a global trade deal that works for poor people and poor countries.



Ambassador Anthony Mothae Maruping, Discussant (Chairman of the WTO Committee on Trade and Development)

I think that the title of the debate is somewhat misleading. We are not trying to favour the poor, but to create a level playing field for all countries and ensure that those that have lost ground in the past are able to catch up. We all agree that trade has been identified as an engine of growth and can bring about self-reliance in the future. The increase in global trade will lead to job creation and hopefully to rapid, sustainable, equitable and balanced economic growth and development that will reduce poverty and foster human development.

We are still in the shadow of the deepest global economic and financial crisis that has wreaked social and political havoc in some parts of the world. If the Doha Development Agenda, which provides

for special and differential treatment and true development were to be concluded, it would help to stimulate the global economy. The longer the conclusion of the Doha Round is delayed, the more obsolete some of its content will become.

I agree that we need to take a holistic approach encompassing trade, global financial and economic governance. The WTO accession process has to be simplified, particularly for the LDCs and small and vulnerable economies.

Aid-for-Trade also has to be increased in real terms to facilitate the participation and integration of developing countries in the international multilateral trading system. A healthy integrated framework for LDCs is in place and projects are being financed. We can also help to boost LDCs by increasing the limited resources available for the 49 LDCs.

In concluding, I would like to say that the conclusion of the Doha Development Agenda, increased resources for Aid-for-Trade and an enhanced integrated framework form part of a meaningful stimulus for the world economy. The emphasis concerning the provision of ODA should shift away from the strategic interests of donors to the needs of recipients.

EXCERPTS FROM THE DEBATE

Mr. J. Leichtfried (European Parliament)

In our negotiations, we need to bear in mind the fact that the poorest countries require special treatment and that we can't have reciprocity in trade. It is apparent that those countries where disparities between rich and poor are less acute seem to have handled the financial crisis better than others. Discussion of social chapters within bilateral agreements and of core labour standards in multilateral agreements would help both richer and poorer countries.

Mr. A. Budimanta (Indonesia)

We agree that WTO should take the initiative to stabilize the agricultural market, particularly food products. We have a responsibility to support the efforts to rebalance the rules of the multilateral trading system in favour of the poor, particularly at a time when the gap between rich and poor has never been greater. WTO's commitment to advancing the development of the developing countries and

the LDCs should be reaffirmed, and the principle of special and differential treatment should be respected. Although the multilateral trading system is extremely complex, the completion of the Doha Round will be beneficial for all Members.



Mr. C. Maznetter (Austria)

How are we going to rebalance the whole system in the Doha process to ensure that the poor countries will not be victims of the new regime, and what will happen after Doha? If WTO Members do not want to bring about a new order for international trade in goods and services, what purpose will WTO serve?



Mr. P. Niyongabo (Burundi)

The financial concerns of the LDCs do not arise because of problems associated with trade rules but with the availability of investment capital that permits access to basic services. We need to establish rules to enable the poor countries to catch up. How can we ensure that those countries have access to basic services, such as education, health, transportation, and at the same time achieve political security and stability and access to employment?

Mr. L. Bundhoo (Rapporteur)

The Doha Round places much emphasis on development. In order to facilitate access to basic services, the international community should recommit to the United Nations aid target to provide 0.7 per cent of GNP to ODA. We would also expect provision to be made to ensure that LDCs and small vulnerable economies are given financial support and are able to access such support in order to achieve their development objectives.

Mr. H. Scholz (Rapporteur)

Developed and developing countries alike have to ask how they are going to meet the expectations of their citizens. We have to rethink our international trading system, and I am in favour of retaining the multilateral system and of using bilateral agreements as an additional tool. We also have to address the issue of investment, and examine the responsibility of stakeholders as well as the linkages between the stakeholders and main players in international trade. In rebalancing economic structures and international trade, we can't simply look at our own countries in isolation. We need to understand that the fates of all countries are closely linked.

Mr. A. Mothae Maruping (Discussant)

I agree that disparities in wealth distribution are going from bad to worse. In order to rebalance the trading system we need to re-examine all issues thoroughly. Although the G20 talks about reforms, there appears to be a real reluctance to tackle the situation and a desire to cling on to the past. The Doha Development Agenda has to be concluded otherwise it will lose its relevance, and time is therefore of the essence.



Increased Aid-for-Trade is one way of stimulating growth, but it has to be used properly, and a good monitoring and evaluation system must be in place. Steps should also be taken to adhere to the principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. More resources must be allocated for the Enhanced Integrated Framework for the LDCs to ensure that trade is mainstreamed in national policies and integrated into the multilateral trading system.

Mr. A. Mannan (Bangladesh)

The LDCs are suffering the most from the protracted Doha Round, which has been going on for more than a decade. Parliamentarians must resolve to bring an end to this situation. Serious efforts must be made to deliver development in this Round, and steps must be taken to ensure that: developed countries that have not yet done so must provide full and immediate duty-free and quota-free market access to all products from all LDCs, and those developing countries in a position to do so should provide similar market access; an appropriate instrument should be created to give LDC services and service suppliers preferential access to the markets of WTO Members; no LDCs shall receive less preference than other Members; adequate assistance shall be given to ensure that LDCs achieve their trade objectives, and the LDCs should receive a waiver from the tariff regime for the time necessary for them to create a sound and viable technological basis. Public health issues should also be addressed so that the poor countries receive access to life-saving drugs and develop manufacturing capacity. I appeal to the law makers here to urge their respective governments to finalize the deadline for the implementation of the Doha Declaration.

Mr. M. Mahovlich (Canada)

My country supports a deal that will take into account the concerns of developing countries, reduce red tape at borders and provide for agricultural trade reform. Canada already provides special treatment for developing countries – 99 per cent of products from LDCs enter Canada duty free and quota free. What more can parliamentarians do to advance the development objectives of this round of negotiations?

Mr. N. Al Zamil (Saudi Arabia)

We should look at the positive and negative effects of trade liberalization on the developing countries, and I would like to mention a book written by a



former WTO staff member, entitled poverty and the WTO, which describes how some countries were impoverished as a result of WTO trade mechanisms.



Mr. A. Laaouej (Belgium)

Efforts must be made by WTO to examine the financial sector and its effects on world trade, particularly when only approximately 2 per cent of the financial transactions involve goods and services. What steps can be taken to ensure the sustained availability of financial resources to promote trade in the developing countries – perhaps a tax on financial transactions?

Mr. H. Scholz (Rapporteur)

Policy coherence is important, and we should consider international trade in conjunction with other areas, including the need to restructure the international financial system. Although the European Union financial transaction tax proposal was passed by the European Parliament, it did not receive an overwhelming majority, and we must recognize the importance of the national

perspective. Parliamentarians should consider how they can influence their national representatives in the WTO to restructure international trade in general, reach a conclusion to the Doha Round as soon as possible, and meet the expectations of all, in particular the LDCs. In restructuring economic cooperation, including international trade, we must also address environmental issues.



Mr. A. Mothae Maruping (Discussant)

We are hoping that our parliamentarians can nudge the executive arm of their governments to encourage them to conclude the Doha Round, which has a development dimension and will help to prevent the impoverishment of countries. The WTO accession process is being fine tuned to ensure that it is less demanding, in particular for developing countries and LDCs. Although Aid-for-Trade and the Enhanced Integrated Framework are not part of the single undertaking, they are part of a package to ensure that WTO rules are not impoverishing and nurture global trade. The global review of Aid-for-Trade to be held in July would provide an opportunity to identify how such aid could be made even more effective, and we welcome broad participation in that meeting. Canada is one of the most generous countries in providing duty-free and quota-free market access to developing countries and is also applying some aspects of the Doha Development Agenda, which is commendable. However, rules of origin and the use of non-tariff barriers remain a problem that has to be addressed.

Mr. L. Bundhoo (Rapporteur)

I fully endorse the comments of Bangladesh and agree that adequate assistance is required to achieve the objectives identified. The consequences of trade liberalization, in particular for Asia and Africa, are of fundamental importance and the reason for a shift

away from tariff protection towards development. The agreement, when concluded, should be implemented with an adequate transition period in order to give African countries time to adjust in order to derive maximum benefit from the new framework. Technical assistance and technology transfer should also be provided to ensure that countries are fully aware of the implications of the agreement, and to assist them in deriving full benefit from it. Quota-free and duty-free market access is of little use if developing countries have no products and services to supply to developed countries. It is hoped that the Doha Development Agenda will help developing countries, small and vulnerable economies, and LDCs to use their comparative advantages to compete on the world market and utilize fully the access given to them.



Mr. J. Chen (China)

International trade can play a major role in the promotion of economic development and poverty alleviation. Although the multilateral system can also work to this end, it needs to be improved to benefit all members, not just developed countries. The multilateral trade system should be fair and balanced, and efforts should be made to ensure that developing countries, especially the LDCs, secure a share in the growth of international trade that is commensurate with their economic development needs. This is the reason why developing countries agreed to join WTO and embark upon the Doha Round. If the Doha negotiations collapse, the main victims will be developing countries. We urge all members, especially developed countries, to take into account the interests and concerns of developing countries, consolidate the progress made, and conclude the Round as soon as possible.

The multilateral trade system should continue to promote Aid-for-Trade, in particular for the LDCs.

Tax-free and quota-free access must be provided, and technical assistance and capacity building for LDC members should be enhanced to enable those countries to use trade for economic development. Since 2008, China has been the largest importer of products from LDCs. Over the past three years, 95 per cent of the products from those countries have been imported duty free. China is willing to work with all other WTO Members to do all it can within the framework of the multilateral trade system.

Mr. F. Chacón (Costa Rica)

WTO and the Uruguay Round have given impetus to the growth of developing and developed countries. The dispute settlement mechanism ensured that it was not might that prevailed in all cases, and many developing countries have experienced spectacular growth as a result of international trade. However, it is paradoxical that some of the countries that have benefited most from the Uruguay Round agreements now wish to correct the supposed imbalances. The agreement on agriculture, which set limits to tariff barriers, was an important step forward. Are we seeking a new balance or trying to initiate a new series of protectionist actions? In order to move forward in the Doha Round, we must recognize the problems associated with the characterization of developing countries. All countries must accept responsibilities commensurate with their level of development.



Mr. K. Doumbia (Mali)

There are more than three million cotton farmers in Mali, and the industry is critical to the country's economy. While I welcome the views expressed by Mr Scholz in his report regarding an early solution to the cotton issue, do we really think that we can succeed when faced with the might of cotton producers from countries in the north?

Exchange rates, which are governed primarily by countries of the north, often have a negative effect on the prices of basic materials. I would therefore ask those countries to consider a fairer and more democratic monetary system.

Mr. K. Arsenis (European Parliament)

Policy coherence is an important issue and we must make sure that the decisions we take do not conflict with other decisions taken globally, including those relating to the Millennium Development Goals. Special and differential treatment for LDCs and countries that have experienced humanitarian disasters must be considered, particularly at a time when, as a result of climate change, many countries are experiencing extremes of weather and natural disasters that may lead to a humanitarian crisis.

Mr. P. Lilley (United Kingdom)

Is it correct that developed countries do not have to wait for completion of the Doha Round before opening their markets and increasing market opportunities for the LDCs, if they do so on an equal basis for all LDCs, and do not require any reciprocal market opening? If that is the case, five obstacles need to be addressed: the remaining tariffs, including those on labour intensive goods typically produced by the poorest countries; rules of origin, which still impede trade despite duty-free and quota-free access; domestic and export subsidies; barriers, such as customs duties, imposed on developing countries by their neighbours; and the decline in Aid-for-Trade used for economic development, which should be reversed. As a member of a British parliamentary group entitled 'trade out of poverty', I would be pleased to cooperate with members of other parliamentary groups with a view to encouraging national parliaments to take steps on the five issues highlighted.

Mr. A. Mothae Maruping (Discussant)

I agree that development is at the heart of the Doha Agenda. It is true that when the Uruguay Round was signed, a lot of developing countries did not have the capacity to negotiate, and the implications of commitments for those countries were not clear. However, times have now changed, and the developing countries are more involved in the negotiations. A WTO Trade and Environment Committee exists to take into account the impact of trade decisions on the environment. The

implementation of certain agreed elements before the completion of the Doha Round, the so-called 'early harvest', is at variance with the single undertaking, but would be desirable for the LDCs. It is true that non-tariff barriers, rules of origin, and trade-distorting subsidies remain a problem and have to be addressed, and that the less developed a country, the more it tends to rely on customs revenues. It would be very helpful if cooperating partner governments could allocate more resources for Aid-for-Trade to increase effectiveness and bring about change.

Mr. L. Bundhoo (Rapporteur)

The imbalances between imports and exports have to be addressed in order to avoid a situation where raw materials are imported from country A by Country B, where they are made into goods, and then sold back to Country A at considerable profit. What is the Doha Development Agenda doing to enable the countries with the raw materials to convert those materials into finished products



that can be exported to emerging and developed economies?

It is practically impossible for the LDCs and small and vulnerable economies to fully understand or utilize the opportunities in the clean development mechanism for the provision of financial support for the use of renewable energy. Any mechanism put in place in the future must be comprehensible and accessible.

Many African countries, including Mauritius, have benefited considerably from mechanisms to facilitate the duty-free and quota-free export of products, including those put in place by the United States.

Mr. H. Scholz (Rapporteur)

I hope that colleagues from Europe and other developed countries realize that we need to find a solution to the cotton issue as soon as possible. Although we should abide by the mandate of the Doha Round, we need to understand that this is a mandate that was given ten years ago and that the world has changed a lot since then. So as not to lose more time, we need to make much more effort to conclude the Doha Round and recognize that the reform of WTO should respond to international expectations. Consideration has to be given to rethinking the relationship between producers, consumers, and intermediaries. In seeking to rebalance world trade, we should refrain from thinking from the national perspective only. I agree that we need to find new solutions to climate change and invest in sustainable energy production, taking into account in particular, the requests of the countries affected by climate change.

Mr. I. P. Hong (Republic of Korea)

We need to mobilize political will to address the important issue of rebalancing the multilateral trade system in favour of the poor sooner rather than later. The G20 Summit in Seoul adopted a multi-year action plan that includes various measures to strengthen the trade capacity of developing countries, such as Aid-for-Trade and duty-free and quota-free market access. Compliance with the Decent Work Agenda is important since it will help to promote respect for human rights and the environment and could help to enhance the living conditions of those in developing countries. Is the Decent Work Agenda discussed as part of the Doha negotiations?



Mr. Ferouk (Comores)

WTO should try to tackle the scourge of piracy, which is jeopardizing trade relations in the Indian Ocean. The trade-related transfer of technology to developing countries will help those countries to develop competitive products for world markets.



Mr. N. Soudani (Islamic Republic of Iran)

Concerns about the Doha Round include the fair and decent nature of the negotiations. My country feels that the principle of universality in the multilateral trading system needs greater recognition. How can we achieve universality and what can we do to develop transparent mechanisms for accession to the WTO? Lifting the barriers to accession would help to accelerate development as more countries would be able to benefit from the multilateral trading system.

Mr. J. Gaubert (France)

Price volatility is an important issue. While supply and demand should be based on an understanding of quantities available, that is not always the case



and there is often speculation on actual stocks held. The European Union has tried to take action on this, but it was deemed incompatible with WTO rules. People must have the right to feed themselves in acceptable conditions, and efforts must be made to discourage speculation.

Mr. L. Bundhoo (Rapporteur)

It is the responsibility and duty of every parliamentarian to convince negotiators to put development at the centre of the Doha Round. We need to ensure that the decision-making process

is transparent and that all countries, irrespective of their classification, have confidence in the negotiations. WTO decisions should be in line with decisions of other international organizations, and a level playing field must be created if the world is to become a global village.

Mr. H. Scholz (Rapporteur)

I agree that the core labour standards should be an essential issue in all trade negotiations because decent work is fundamental in addressing all the problems we have just discussed. Rethinking the Doha Round to focus on the development challenges is essential to ensure policy coherence.

Mr. A. Mothae Maruping (Discussant)

Although the multilateral trading system is part of globalization, it must be fair and take into account the disadvantages of developing countries. Special and differential treatment is therefore important. The expansion of global trade should result in global economic growth and development. The Doha Development Agenda must be concluded as soon as possible to prevent its relevance from being further eroded. Aid-for-Trade is also an important tool to enable developing countries to trade effectively.



PANEL DISCUSSION

CONNECTING TO SOCIETY: TRADE POLICY-MAKING IN THE ERA OF MASS COMMUNICATION

INTRODUCTORY REMARKS



**Mr. Niccolò Rinaldi, Moderator
(European Parliament)**

It is very difficult for citizens of our countries to understand the intricacies of international trade even though it affects their lives on a daily basis. What is more, WTO is a mystery to most people, as are the Doha Development Agenda and the single undertaking. It is often difficult to explain to the people why their expectations concerning trade, such as the need for preferential trading schemes for emerging democracies and for countries that have suffered natural disasters, may be difficult to realize. WTO is not properly equipped to provide a proper communication policy, and the newsletter sent out to parliamentarians every two months needs to be

complemented through further development of the Internet. The media has an important role to play in explaining to the public the developments in the field of international trade and in conveying to those responsible for international trade the sentiments among the people in our countries.



**Mr. John Zarocostas
(United States of America),
*Journalist "The Washington Times",
President of the Association of Correspondents
to the United Nations***

Over the last 18 to 20 years, some of the major issues of interest to the public and politicians have included: the threat of a trade war over farm subsidies in 1992 between the United States and Europe that was averted through a last minute deal; the protests by farmers from Europe, Korea,

Japan, the Nordic countries and Switzerland in the last phases of the Uruguay Round who thought that their interests were going to be undermined; the bitter dispute over the first successor in the WTO; the involvement of the NGO community in trade developments; and the linkage of the right to health with intellectual property and access to affordable drugs.

In recent times, new power players, such as Brazil, China and India, have emerged as counterweights to the United States and the European Union. Despite its moral dimension, including the question of access and the reduction of subsidies for cotton, the Doha trade negotiations have not attracted the interest that a lot of people assumed they would. Political groups and captains of industry do not come to Geneva to monitor the negotiations. Perhaps this is because civil society has shifted its focus and priorities to other issues such as climate change, or simply because the talks have gone on for so long. Many practitioners throughout the world still don't know what the global trade system is, and many media editors shy away from topics including WTO or Doha because they are considered to be too complex.



Mrs. Hedayat Abdel Nabi (Egypt)
Journalist and President of the Press Emblem Campaign

When I came to Geneva as a journalist covering international affairs, I became intrigued by the WTO and decided to follow it. This was no easy task, because you uncover a world that affects millions of people all over the globe, especially the poorest billion, and come across jargon and acronyms that mean nothing to the non-specialist. In my opinion, WTO uses a mysterious script encrypted beyond comprehension; how would the general public know the difference between the red, yellow and

green boxes in the agricultural negotiations? Even delegates that are new to WTO hire experts to help them understand the terminology used and I think a move towards the use of simpler terminology would be of great benefit to WTO. Thankfully in his press conferences, the WTO Director-General often uses language that can be understood by the general public.

However, the press conferences often clash with important activities at the United Nations, and their timing should be given greater consideration. In the early years, I was also told that no question is a bad question, and I started to learn by asking questions about the WTO. My humble recommendation is to find officers who can simplify the jargon and terminology of the WTO, because if journalists are unable to report because of a lack of understanding, how can parliamentarians and the general public be expected to understand and influence the decisions taken? I wonder whether this encrypted terminology and technical language is intended to prevent the general public from understanding what is happening beyond the gates of WTO, and I am grateful to the NGOs that attend the conferences for explaining the issues in layperson's terms.



Mr. Jamil Chade (Brazil)
Journalist "O Estado de S. Paulo"

I was sent here ten years ago as a correspondent to cover WTO issues but have to tell you that I now mostly cover another international organization in Switzerland that is very important to Brazil – FIFA. Ten years ago in Brazil and in most developing countries there was a feeling that WTO was a new generation of international organization – an organization with teeth that would change the lives of people, rather than one that would have lots of debates but not produce results. There was also the notion that WTO had a tribunal that could affect

the entire economic sector of a country. There were over 5000 accredited journalists at the Sixth WTO Ministerial Conference held in Hong Kong in 2005 – only one thousand fewer than the number of journalists to cover the death of the Pope. However, there were only 300 accredited journalists for the ministerial conference held in Geneva five years later. Why the sharp decrease in numbers?

It is difficult for me to pitch a story on the WTO because of disenchantment with the dispute settlement body, and questions concerning the credibility, transparency and duration of the Doha Round. Today, it is hard to find a single journalist here during the week because WTO is a very low-key organization to cover, and if the current bleak situation continues, the mood among journalists will not pick up. You should not let the Doha Round stay only in the hands of diplomats. As elected representatives, you have the right to request information about what is happening; in doing so you will enhance the transparency and credibility of the process and improve the image of the WTO.

EXCERPTS FROM THE DEBATE



Mr. R. Pohan (Indonesia)

Free, open and constructive discussion has an important role to play in trade policy development in Indonesia in order to ensure that trade policy meets the needs of all stakeholders. Mass communication is very influential in Indonesia, and in 2010, the ASEAN – China free trade agreement was re-negotiated by the Government following incorrect media coverage. The law concerning public disclosure provides for the right of citizens to be made aware of public policy plans. Public participation in the policy making process is also encouraged in order to

ensure that the State administration is transparent, effective, efficient, accountable and reliable.



Mr. K. Sasi (Parliamentary Assembly of the Council of Europe)

The Doha Development Agenda has been under negotiation for 10 years now, and after hearing the speeches today I am not very confident that the Round will be concluded by the end of the year. I think this is because there is no immediate crisis and the system is working well. Also WTO has more than 150 Members, and while it is easy to make declarations, it is difficult to take real decisions. Furthermore, the Doha Round does not take due account of the fact that trade has changed over the last 10 years: China has become a formidable trading partner, and the emerging economies now play a huge role in the world trade economy. TRIPS, rather than tariffs, is a major issue for the developed countries; agricultural questions need to be resolved, and it is critical for the LDCs that the fairness of the system is improved. If the negotiations are not concluded by the end of the year, it is likely that results will be not achieved in the near future, and the most probable scenario is that countries will have to negotiate through regional agreements. Countries like China and South America, India and Brazil could extend their chains of supply to buy products and labour from the countries around them.

Mr. N. Rinaldi (Moderator)

Although there are now more key players in world trade than when the Round was first launched, the Round is receiving less media attention. Why is this?

Mr. J. Chade (Panellist)

Has the Round, whose mandate was decided over 10 years ago, become outdated now that issues such as



climate change top the international agenda? The increasing number of key players did help to generate more media attention, but today there are only a handful of positions that really count. Although the Round receives broader geographical attention, the coverage has not become more intense; journalists simply reflect national preoccupations concerning the Round.

Mr. N. Al Zamil (Saudi Arabia)

As the media can help to strengthen the transparency of WTO and raise the profile of the Organization, I would like to know whether the journalists here are satisfied with the information they receive. Is there pressure to ensure better media coverage of WTO issues?



Mrs. H. Nabi (Panellist)

The major problem here at the WTO is the complexity of the terminology. It is very difficult for journalists to render the language used in such a way to make it understandable to the general public.

If things are to change the language used by WTO must be simplified. Also, generally speaking, trade issues have captured less media attention in recent years; for example, the Airbus dispute was hardly mentioned in the media.

Mr. S. Dor (Morocco)

Clear communication is vital, and we must find a way to pitch the language used in WTO in such a way to promote clarity and understanding. We need to find a way to raise public awareness of WTO's work and of the goals it is striving to attain.



Mr. J. Chade (Panellist)

It is not the fault of WTO that trade is complex. The issue we face is in translating the complex terminology into language that the general public will understand. The onus is not WTO only; the governments attending meetings need to promote transparency by providing more information about their contributions to the discussions.

Mrs. H Nabi (Panellist)

The encrypted terminology is a major problem for WTO, in particular now that the Organization has a global membership. The person on the street is in no position to understand the decisions taken by the WTO until he feels their impact on his daily life, and this is why there are demonstrations against the WTO, as citizens vent their anger. Governments and parliamentarians should join forces with journalists in helping to decrypt the terminology.

Mr. A. Misiekaba (Suriname)

Do you think that the Doha Round will be concluded this year?



Mr. J. Chade (Panellist)

No, I don't believe that the Round will be concluded this year, as the energy to complete it seems to be lacking. There is no sign of the drafts to be tabled by Easter to facilitate conclusion of the Round by the end of the year. Every year we are told that the window of opportunity is closing; it closes and then miraculously opens again the following year. There will be no end to the Doha Round unless someone explicitly says that it has ended, and who will take the political responsibility of saying such a thing? When the talks collapsed in 2006 and 2007, it was a very big story. However, if the Round collapses this year, most people will expect it to resume in 2012. Although it may sound like I am being cynical, this is what we have seen year after year. Everyone in this room would say that they are committed to the Round, but there are so many countries with different interests, and this is why I think the process does not forward.

If the round is concluded, it will be news, but some countries will have up to 10 years to implement it,

so its impact will not be felt immediately. Stories about the impact of the Doha Round will probably be written during the next decade.

Mr. G. Sabin Cutaş (European Parliament)

Do you think that, given the complexities of the subject matter, any journalist can write about WTO?

Mr. J. Chade (Panellist)

Any good journalist can make a story out of a dry subject, and make the subject matter accessible to the general public. However, there is a limit to what you can write about an event that repeats itself every year and that is one of the problems here. The lack of transparency and delicacy of the information inside the WTO is another problem that journalists covering the WTO face.

Mrs. H. Nabi (Panellist)

I agree with my fellow panellist. Our best stories as journalists covering the WTO are those that communicate to the general public what is happening in the negotiations at WTO in simple and straightforward language.

Mr. F. Chacón (Costa Rica)

Although as a parliamentarian I consider transparency to be extremely important, could total media transparency in trade negotiations hinder the successful conclusion of trade negotiations and might countries feel obliged to harden their positions? Where should the line be drawn?



Mr. M. Bouazzara (Algeria)

Could journalists covering the WTO have a role to play in providing support to those countries that

wish to accede to WTO and have completed all the relevant administrative procedures but remain in the dark as to the status of their accession process.

Mr. I. P. Hong (Republic of Korea)

I totally agree with the comments regarding the complex terminology used in WTO. However, the general public must be made aware of the impact WTO decisions on daily life, and the press and politicians have an important role to play.

Mrs. H. Nabi (Panellist)

I am an advocate of complete openness and do not want to draw the line as far as transparency is concerned. I agree that the media has an important role to play in disseminating information on WTO, but do not think it can do much more than write up editorials to support countries that have completed their administrative procedures but not yet acceded to the WTO.

Mr. J. Chade (Panellist)

I believe that, institutionally, there has to be transparency in WTO. This would be of benefit not only to the press, but also to the Members, some of whom do not even know when and where meetings are being held. While journalists can write articles regarding accession to the WTO, it must be remembered that accession to the Organization is a political issue.



RULES OF PROCEDURE OF THE PARLIAMENTARY CONFERENCE ON THE WTO

Adopted on 26 November 2004, amended on 12 September 2008

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 and is composed of representatives of parliaments of sovereign States, of the IPU and the European Parliament as the Conference co-organizers, of selected other regional and international parliamentary assemblies and structures, and of the WTO Secretariat.
- 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 Membership in the Steering Committee shall be institutional, with every parliament or organization having the right to choose its representative(s). In the interest of consistency in the work of the Steering Committee,

parliaments and organizations shall endeavour to ensure that, as far as possible, the person(s) who represented them in previous sessions of the Committee continue to take part in subsequent sessions.

- 4.4 When more than one representative of a national parliament takes part in a session of the Steering Committee, only one member of parliament per delegation shall be part of the decision-making process.
- 4.5 Changes in the composition of the Steering Committee shall be proposed jointly by the IPU and the European Parliament, as the Conference co-organizers, subject to approval by the Steering Committee as a whole. Where possible, equitable geographical distribution shall be taken into consideration.
- 4.6 National parliaments shall hold a seat on the Steering Committee for a period of four years. However, the Steering Committee may invite a given parliament to hold its seat on the Steering Committee for another term. The rotation shall be scheduled in such a way that no more than half of the parliaments representing a given geographical region shall be replaced at any one time.
- 4.7 The definition of geographical regions for the purpose of rotation shall be established by the Steering Committee.
- 4.8. 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.

PARTICIPATION

PARTICIPANTS

Parliamentary delegations

Algeria, Angola, Armenia, Austria, Bangladesh, Belarus, Belgium, Bolivia, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, China, Comoros, Costa Rica, Croatia, Democratic Republic of the Congo, Dominican Republic, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Indonesia, Iran (Islamic Republic of), Italy, Jordan, Kenya, Latvia, Lithuania, Luxembourg, Malawi, Mali, Mauritius, Mexico, Morocco, Namibia, Netherlands, Nigeria, Oman, Pakistan, Poland, Philippines, Portugal, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Slovenia, South Africa, Spain, Sudan, Suriname, Sweden, Switzerland, Togo, United Kingdom, Uruguay, Zambia.

European Parliament, Assemblée parlementaire de la Francophonie, Commonwealth Parliamentary Association, Parliamentary Assembly of the Council of Europe.

OBSERVERS

Governments of sovereign States members of WTO

Austria, Burundi, Cameroon, Canada, Congo, Costa Rica, Dominican Republic, Estonia, France, Germany, Greece, Ireland, Italy, Lesotho, Malaysia, Mali, Netherlands, New Zealand, Philippines, Poland, Republic of Korea, Romania, Rwanda, Slovenia, Sri Lanka, Thailand, Uganda, Ukraine.



Intergovernmental Organizations

Food and Agriculture Organization of the United Nations, International Labour Organization, World Bank, World Trade Organization, European Commission.

Parliamentary Associations and Assemblies

ACP-EU Joint Parliamentary Assembly, Andean Parliament, EFTA Parliamentary Committee, Inter-Parliamentary Assembly of the Eurasian Economic Community, Nordic Council, Parliamentary Assembly of the Black Sea Economic Co-Operation.



COMPOSITION OF THE STEERING COMMITTEE

The Steering Committee of the Conference is currently composed of representatives of the following parliaments and international organizations:

Belgium, Burkina Faso, Canada, China, Egypt, Finland, France, Germany, India, Iran (Islamic Republic of), Japan, Kenya, Mauritius, Mexico, Morocco, Namibia, Nigeria, South Africa, Thailand, Uruguay, United Kingdom, United States of America, Commonwealth Parliamentary Association, European Parliament, Inter-Parliamentary Union, Parliamentary Assembly of the Council of Europe, World Trade Organization.



ACRONYMS

ACP	African, Caribbean and Pacific
GDP	Gross Domestic Product
FAO	Food and Agriculture Organization of the United Nations
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
G33	Group of developing countries
G7	Group of seven leading industrial countries: Canada, France, Germany, Italy, Japan, United Kingdom, United States
ICT	Information and communication technology
ILO	International Labour Organization
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IPU	Inter-Parliamentary Union
IT	Information technology
LDC	Least developed countries
MDG	Millennium Development Goals
NAMA	Non-agricultural market access
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
SSM	Special safeguard mechanism
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
WTO	World Trade Organization

