

## The Doha Ministerial and Possible 'New Round': Issues of Importance to OECS Trade Calculus

### **A New Round: 'To be or not to be, that is the Question'**

On February 8, 2001, the WTO General Council (GC) unanimously decided on the 4<sup>th</sup> WTO Ministerial Conference to be held in Doha, Qatar, from 9 to 13 November 2001.<sup>1</sup> Recent attempts at strengthening, expanding, and deepening a rules-based multilateral trading system, as embodied in the World Trade Organization (WTO), have perhaps been most poignantly advanced over the last few months by on-going efforts, by a select grouping of nations, to launch a new Round of global trade negotiations on the occasion and heels of Doha. The United States (US) and European Union (EU) are the principal Ambassadors of the "spin" regarding the 'inevitability' of a new Round and fancy themselves as the principal would-be architects of such a Round. US Trade Representative Ambassador Robert Zoellick released a statement on July 17<sup>th</sup> (see **Annex**) detailing how the US and the EU are cooperating, having a common strategic objective, to help launch a new Round of global trade negotiations at the 4<sup>th</sup> WTO Ministerial Conference.<sup>2</sup> Ever since the collapse of the Seattle Ministerial of the WTO the developed countries, especially the EU, have been trying to persuade developing countries that their interests are best served by agreeing to a new Round.

It is very obvious that the QUAD (Canada, Europe, Japan and the US) intends for the Doha Ministerial to serve as a platform for launching a new Round in November. Ministers of the member-countries of the Paris-based Organization for Economic Cooperation and Development (OECD), in their annual meeting in May this year, have also come out in favor of launching a new Round of multilateral trade negotiations. This view has been reinforced by UN Secretary-General, Kofi Annan, and the heads of the World Trade Organization, the International Monetary Fund and the World Bank who used the occasion of the recent High-Level Segment on Africa of the United Nations Economic and Social Council to promote the launch of a new Round of multilateral trade negotiations at Doha. Similarly, the Summit Statement in the wake of the EU-US Summit, held in June (in Göteborg, Sweden), maintained that the leaders of the EU and US "are committed to launching an ambitious new Round of multilateral trade negotiations at the WTO Ministerial Meeting in Doha, and, in our high level discussions in recent weeks, have made progress towards this shared goal. We seek a Round that will lead both to the further liberalization of world trade

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<sup>1</sup> The offer of the Government of Qatar to hold the 4<sup>th</sup> Ministerial Conference was accepted by the General Council of the WTO even earlier - on January 30 - when it also authorised its Chairperson, in cooperation with the Director-General Mike Moore, to begin consultations on both organizational and substantive matters related to the preparations of the Conference and to report back to the General Council.

<sup>2</sup> The Ministerial Conference is the highest decision-making body in the WTO, and offers Ministers from around the world the opportunity to meet and discuss important developments in the multilateral trading system and the global economy. *The Qatari Government has established an Organizing Committee with a view to overseeing the logistical and other preparatory aspects of the Ministerial Conference; Delegates may contact the Committee regarding any outstanding issues they may have in preparation for the Doha Ministerial. For further information please refer to : <http://www.wtodoha.org/wto/org.htm>*

and to clarifying, strengthening and extending WTO rules, so as to promote economic growth and equip the trading system to meet the challenges of globalization”.

Throughout 2001 the WTO Director-General Mike Moore has been canvassing the globe preaching to those nations yet to be won-over of the importance of a new Round. Most recently in a July 30<sup>th</sup> Statement (in reference to Doha) he maintained “we cannot pretend that this can be merely a ‘routine’ Ministerial meeting, at which Ministers will discuss general economic trends and progress in the WTO’s built-in agenda. The context in which Ministers will meet ensures that a fundamental decision will be taken at Doha, whether positive or negative, which will have long-term implications for the future of this institution and the way we conduct our business. In our joint report we have said that failure to reach consensus on a forward work programme that would advance the objectives of the multilateral trading system, particularly in the light of the earlier failure at Seattle, would lead many to question the value of the WTO as a forum for negotiation. It would certainly condemn us to a long period of irrelevance, because it will not be any easier next year, or the year after”.

In fact, Mike Moore has made quite clear that the problems of economic slowdown and the further marginalization of many developing countries can only be effectively addressed through the strengthening of the multilateral system that, according to him, would be enabled by the launch of a new Round. This appears consistent with Mr. Zoellick’s contention that ‘continued trade liberalization is essential to promoting global economic growth and alleviating poverty’. This view of the multilateral trading system contributing to the promotion of economic growth, sustainable development and the social dimensions of globalization appears to have received wide-spread acceptance in the developed countries of Europe and the Americas. On the launching of a new trade Round, the G-7 has maintained that sustained economic growth worldwide requires ‘a renewed commitment to free trade’. Certainly, this view is not without its empirical evidence as several econometric studies have attempted to illustrate global gains from trade – especially gains from trade for developing countries – which these studies have predicted could be in the billions of Dollars as a result of the continued attrition of trade barriers. An Australian study released in 1999 estimates that global gains from only halving current trade barriers would be around US\$400 billion annually, with developing regions in Asia, Africa, the Middle East and Latin America potentially gaining the most in proportion to GDP.<sup>3</sup>

The view of the QUAD and the WTO regarding the launch of a new Round or the perceived benefits of post-Uruguay trade gains is certainly *not* shared by the vast majority of developing countries of the ACP and the G-77, respectively. In fact, it would be fair to say that developed and developing countries, in large part, *remain polarized on launching a new Round* at Doha - in so far as the QUAD’s persistent call for a new Round, incorporating ‘*new issues*’ (also referred to as ‘*Singapore issues*’), and developing countries’ collective rejection of those calls. For example, Tanzania (representing the Least Developed Countries (LDCs)) and Zimbabwe (representing the Africa Group) do *not* agree that Doha should launch negotiations on the proposed *new issues*. At a meeting of Trade Ministers of LDCs, held in Zanzibar, Tanzania, on 22-24 July, as part of the LDCs’ preparations for negotiations in the process leading to Doha it was decided that they would not be willing to accept the four

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<sup>3</sup> *Global Trade Reform 2000: Maintaining Momentum*, 1999, DFAT: Canberra.

'Singapore issues' - *investment, competition, transparency in government procurement and trade facilitation* – (let alone a new Round) as subjects for negotiations for new rules come November. In point of fact, the Zanzibar meeting adopted two documents, the 'Zanzibar Declaration', and 'LDCs' Development Agenda at the 4<sup>th</sup> WTO Ministerial Conference: *Negotiating Objectives and Proposals of the LDCS* - which maintain the LDC Ministers are *not* prepared to accept a *broad-based* or *comprehensive Round* that includes the *new issues* being proposed by the QUAD – more especially the EU.

Similarly, India's Ambassador, S. Narayanan, is on record as publicly rejecting investment, competition, transparency in government procurement and trade facilitation as negotiating issues for Doha. In fact, Indian Prime Minister Atal Behari Vajpayee said on August 20 India would oppose the launch of a new round of WTO talks until '*implementation issues*' from the 1994 Uruguay Round agreements are resolved. The 'Like-Minded Group' (led by India), has consistently made clear that lack of progress on 'implementation issues', particularly textiles and anti-dumping, continue to be deciding factors in their aversion to a new Round. India intends to continue to muster support in favor of its stand regarding the Doha Ministerial when it plays host to a meeting of Trade Ministers of South Asian countries on August 22-23. Malaysia's Ambassador, Superamaniam, has also recently expressed misgivings on how the Doha process has focused on the *new issues* – as reflected particularly in what the EU would like tabled in a new Round agenda - as if these issues would make or break the Doha Conference. Jamaican Ambassador, Ransford Smith, is quoted as saying, in the context of the informal meeting of the WTO GC held on 30-31 July, that "some developing countries are reluctant to start negotiations because there is no agreement on what the acceptable issues on the table will be; if there's no agreement on a package, we're stymied in the trade-offs".

A meeting to help bridge the gaps that once again threaten to un-hinge hopes of new global trade negotiations will be held on August 31 and September 1, in Mexico. The meeting was called after the WTO Director-General warned there was still no consensus – between the QUAD and developing countries - on any of the issues proposed for the agenda of the new Round. Trade ministers from 19 countries - including the 'heavy-weights' of the developed and developing countries of the QUAD, and Brazil, India, Malaysia and three African countries - and trading groups have been invited.

### **What would a 'Possible' New Round Include on its Agenda**

Just as consensus has not been reached, *as at the time of this writing*, on whether a new Round should be launched in November and what issues it would seek to negotiate (this despite Mr. Moore's foreboding statements regarding the implications for the multilateral trade regime if a new Round is not launched), consensus even on an agenda for the WTO's 4th Ministerial Conference, itself, has *not* been forthcoming. An informal meeting of the WTO GC on 30-31 July remained far apart on this. The meeting conducted a 'stocktaking' of the state of preparations for the Doha Ministerial Conference and was also intended as a 'reality check' 100 days before the Ministerial. WTO Members failed to use the opportunity to advance on what could appear on a Ministerial Declaration, and instead forwarded statements that for the most part re-iterated previously known positions. If anything, the GC appeared to indicate that since the last such 'stocktaking' exercise in June, there has *not* been any

'convergence' of views; this despite the EU Director General of Trade Peter Carl's assessment at a press conference on 31 July to the contrary. This effort on the part of the EU to give the impression of 'consensus' in country attitudes (including those of developing countries) towards the launch of a new Round and issues therein is widely perceived as media 'spin' lacking credibility.

*If* a new Round is launched, and that is a big 'if', the agenda - whatever it is - will have no choice but to be *balanced*, i.e. a 'mixed-bag' of the 'Singapore/new issues' and 'implementation issues', advanced by both the developed and developing countries, respectively. Given the on-going impasse as to the feasibility of a new Round, however, it is self-defeating, if not impossible, to prognosticate on the issues that would be included in such a Round. Historically, multilateral trade negotiations are littered with numerous examples of '11<sup>th</sup> hour' tactics, arm-twisting and 'back-room' tactical moves. The current environment is just too fluid to determine issues that would likely be put on the table, at Doha, let alone if a Round would even come to pass. It is fair to say, though, that if the current highly polarized environment is anything to go by the extent to which significant progress could be made in the direction of a new Round would be precluded by *significant compromise* on all sides and for that very reason would be inherently *balanced*. Theoretically, this means the Round would include enough issues of strategic importance and interest to all. That having been said, a 'broad agenda' will not be workable to the extent that it does not include *realistic objectives* and directly related to an agenda for such a Round it will have to be 'manageable' as will the scope of any potential mandate, with adequate attention to safeguard imperatives.

Developing mandates that are short, providing safeguards and parameters in areas of major sensitivity to one or the other WTO Member would likely be the modality employed in any methodological thrust at Doha. That having been said, there will be winners and losers; as *issue* and *priority setting* at Doha will not be a 'zero-sum' game. The challenge for OECs Member States, in particular, however, lies not only in ensuring 'better balance' (i.e. getting their issues adequately addressed in addition to 'new issues'), with respect to any potential new-Round agenda, but also whether they would be able to reconcile their current capacities 'to *implement*' with an enlarged multilateral negotiating agenda that a new Round would inevitably bring. Then, of-course, there is the matter of prioritization of country issues in a 'Doha Round' negotiating agenda once they are tabled; this exercise would likely bring with it added challenges to consensus-building. Again, at this stage, discussing the anatomy of a new Round *remains moot* as for many countries the very idea of a new Round remains a 'pipe-dream'.

In a very real sense, more 'issues' separate countries than they do unite them with respect to a new Round. This notwithstanding, it is fair to say that in any new trade Round **substantive liberalization** and **rule making issues** will figure prominently in what will most likely be a 'broad' agenda; as this two pronged focus would facilitate the necessary balance between market access and rules to guide and facilitate those imperatives.

### **Main Issues Dividing Countries in the 'run-up' to Doha**

The *main* issues dividing countries fall into four categories :

1.) *Market access* : agriculture, industrial tariffs, services, and procurement

FOR EXAMPLE

- Agriculture, i.e. the Cairns Group allies and the US are demanding that the agenda for the negotiations specifically take on board measures aimed at 'cutting-away' at export subsidies; to which the EU disagrees and proposes a slightly more watered down proposal with regard to the structure of any provisions to be negotiated with respect to export subsidies;

2.) *Clarifying, updating and improving certain Uruguay Round Agreements*: 'trade defense' rules; trade and the environment; TRIPs and various proposals made in the context of the 'implementation' debate

FOR EXAMPLE

- 'Implementation issues' - called for in the 'mandated negotiations' is part and parcel of the 'built-in agenda'; they include, TRIMS, TRIPs, subsidies and countervailing measures, sanitary and phyto-sanitary measures, technical barriers to trade, the cross-cutting issues as well as operationalizing special and differential treatment. Further to these, developing countries contend that developed countries have not been forthcoming in their commitments to open markets;

3.) *'Singapore issues'* (investment, competition, transparency in government procurement and trade facilitation)

FOR EXAMPLE

- The new or 'Singapore issues' as not being trade issues, *per se*, and so their inclusion on the multilateral trade agenda is a 'non-starter';

4.) *Institutional issues*

FOR EXAMPLE

- Of particular importance are transparency issues and improvements to the DSU;

5.) *Miscellaneous*

FOR EXAMPLE

- Staggered implementation of obligations under existing WTO Agreements (of special relevance to the OECS Member States); i.e. carrying out existing obligations under WTO Agreements that many countries remain delinquent on, and being further burdened by yet more obligations - both 'rules' and 'Agreement-based' if a new Round should come to pass;
- It is also expected that environmental and worker protection issues will figure prominently on the EU's and Japan's agenda;

- Anti-dumping rules - the EU and Japan will likely want any new Round and trade talks preceding it to consider the anti-dumping practices of the US against its trading partners.<sup>4</sup>

## **Concluding Remarks**

Trade agreements and their associated negotiations have increasingly gone beyond issues of 'trade', *per se*, to embrace issues of *sound regulation* through advancing such concepts as the transparency of laws and regulations, non-discrimination, and standards. Increasingly the principles and rules built into trade frameworks are fundamentally centered on *good governance*; this has a profound impact on trade policy in that domestic regulatory measures and standards have become the key trade issues – the issues the industrialized countries are lobbying for inclusion in a new Round are evidence of this. Domestic regulations are largely what are being negotiated now, i.e. *policy measures inside the border* subject to national treatment as opposed to what was historically the focus, i.e. *measures at the border*. Building on the Uruguay Round, a possible '*Doha Round*' would only serve to further the trend of trade-related multilateralism focused on enabling sound regulation.

The calls for a new Round, by the QUAD and the WTO, continue unabated as do the animated prognostications of doom and gloom should a new Round not come to pass; the US in particular has recently warned of the negative repercussions for an already weakened state of the global economy if a new Round is not launched. This doom and gloom prediction is also predicated on the view that if a new Round is not launched, the multilateral system will be viewed as having lost its leverage, efficacy and credibility and ultimately its architecture would be forced to reflect on direction and purpose. History, certainly, is replete with moves toward isolationism as multilateralism is abandoned as a tool to advance the collective goals of nations. Add to this the ever-more publicized backlash against globalisation in a great many countries and this may be a recipe that could well place multilateralism on hiatus for a long time. This, clearly, is not good for any nation – developed or developing. In many respects, then, the launching of a new Round at Doha will be a litmus test for determining whether the WTO has, in fact, exhausted its capacity for international trade-opening, co-operation and rule-making, or whether it is still capable of continuing with this mandate established some fifty years ago.

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<sup>4</sup> It is worth noting that the United States ranks amongst the most prolific user of anti-dumping remedies; in fact, the United States makes the *most* use of these remedies than any other country in the world. In the latter part of 1995, for example, the United States had 294 anti-dumping measures (this number is reflective of a three-fold increase in its level in the late 1970s) in place, as compared to 133 by the European Union. According to Russell, this translates to some 5 measures for every \$10 billion of United States imports as compared to some 2 measures against the United States by foreign countries for every \$10 billion of United States imports (see B.R. Russell, "How Long can you Tread Water: The Anti-Economic of Trade Remedy Law", in M. Mendoza et al., Trade Rules in the Making (Organization of American States/Brookings Institution, Washington, D.C.: 1999).

The feasibility of a new Round must be judged, however, on its merits *with respect to developing countries*. Clearly, there have been substantive policy and rules-related issues left pending from the Uruguay Round. However, for countries, like those of the OECS, staggered implementation of their multilateral Agreement commitments and stymied legislative reform required for the implementation of the WTO Agreements force these countries to weigh the merits of taking on yet more obligations. Compounding this is the OECS - like most every developing nations - as a central issue in their trade relations with external partners is struggling not to have 'development' subsumed by and defined in terms of trade and all its accouterments. This point, perhaps conceptually, is *'the'* key trade issue at the dawn of the 21<sup>st</sup> Century facing the OECS as well as other developing countries at large. At the hemispheric and multilateral level the term *'trade-related'* is increasingly being applied to more and more issues. For OECS countries, then, by far an issue of great currency is the need to build recognition of the fact that *integration*, be it regional, hemispheric or multilateral, is **not** a substitute for a development strategy nor is it a shortcut to development. Within the ambit of multilateral trade, trade liberalisation can deliver a development benefit; but is certainly not a panacea for development *per se*. Member States must be weary of zealots who argue that trade enables equitable and sustainable economic development *throughout* the world.

  
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## ANNEX

*U.S.-E.U. Efforts to Launch a Global Round of Trade Negotiations  
Statement of U.S. Trade Representative Robert Zoellick  
July 17, 2001*

The United States and the European Union share a common strategic objective: to launch a new round of global trade negotiations. The clouds of the failure in Seattle left supporters of trade and development dispirited. We have a responsibility to see that a rules-based trading system as embodied in the WTO is strengthened, expanded, and deepened.

- While we may differ in terms of approaches on particular issues, we are of one mind that the system that the United States and the European Union were so instrumental in creating must remain at the cutting edge of economic and commercial relations.

- We agree that there is a real risk to the system if we don't succeed at Doha. The U.S. and EU will manage better than others if a new global trade round is not launched, but others - particularly more open, growing developing countries - that are just moving into the global trading system will suffer most. So we take our responsibility seriously.

Times have changed. The U.S. and EU can only do so much to ensure success. We need the active participation and leadership of other partners, particularly in the developing world, if we are to launch a new trade round. The U.S. has been and will continue actively reaching out to other countries to listen to their views and incorporate their perspectives, in order to build a network of support for a new Round.

- The EU and the U.S. are working together to launch a WTO Round that will offer benefits for all countries. The EU-U.S. Summit Declaration at Goteborg on June 14th was a clear commitment to launch such a Round.

- Leaders at the G-7 Summit will state their strong personal commitments to launch the Round. As President Bush said today, continued trade liberalization is essential to promoting global economic growth and alleviating poverty. A new Round is especially critical to the poorer countries around the world.

- The President's speech today at the World Bank underscores America's commitment to trade and development.

- The key to a successful launch at the Doha Ministerial is an agreed agenda that will accommodate the essential interests of the various members of the WTO-developed countries, agricultural exporting countries, services economies, developing countries-and that will gain public support.

- The U.S. and EU have been working together over the past few months to identify ways to accommodate each other's interests in a manner that will also be responsive to our other trading partners' interests.

- An important lesson that we and other countries have learned from the failure at Seattle in 1999 is to avoid trying to pre-negotiate the details and the outcomes of the negotiations.

- Instead, we aim for agreement on more general mandates for negotiations that do not prejudice countries' opportunities to raise issues of concern in the negotiations. It then is up to each country to persuade its trading partners of the merits of its positions through the actual negotiations—rather than holding hostage the entire launch of internationally beneficial negotiations over one country's (or a few countries') specific negotiating objectives.

- Yet the United States also recognizes that, especially in new areas of negotiation, there must be sufficient clarity in the goals of negotiations to enable countries to understand where negotiations are likely to lead. This is particularly important for many developing countries.

- In our joint U.S.-EU efforts, we are developing an increasing degree of convergence on a strong and balanced agenda for Doha:

- In many areas, we have a very high degree of convergence in our positions. This is the case, for example, on market access negotiations for non-agricultural products, on negotiations for transparency in government procurement, and in areas such as services, trade facilitation, and strengthening the WTO system.

- We believe that the WTO should be an effective inter-governmental institution while at the same time being more open and transparent. For example, the United States is seeking greater transparency in dispute resolution cases.

- In other areas, the U.S. and the EU are making significant progress in our search for mutually acceptable ways to address issues on which there still is controversy among some members of the WTO.

- For example, the United States understands the importance of investment, particularly for development, and will not stand in the way of a clearly defined and sensible negotiating approach on investment that garners widespread support among the other members and interested parties - although we will not take on the role of an advocate. The United States will pursue the high investment standards that we have achieved through other agreements, while continuing to protect our right to regulate in the areas of health, safety, and the environment.

- In competition policy, U.S. trade and anti-trust authorities recognize the significance of the issue. Therefore, we are working to understand more clearly what the EU seeks, and are discussing with the EU how it can accommodate the concerns of the United States and other countries.

- The United States can see merit in adherence to core competition principles of transparency, non-discrimination, and procedural fairness. We also can support consultative and capacity building efforts to help countries develop modern competition policy that promotes efficient, effective, and dynamic markets.

- What is not clear to us, however, is how competition obligations based on the core principles should be assessed; for example, the important question of how dispute settlement might operate or whether other forms of oversight such as peer review might be more satisfactory.

- The United States believes that there is a need to be flexible in the face of developing countries' questions and concerns.

- The United States and the EU share an interest in safeguarding the environment while ensuring that there is no risk of protectionism. Recent WTO dispute panel decisions have confirmed that the WTO safeguards Members' sovereignty with respect to their environmental laws. The U.S. believes that we must ensure that the Round does not upset the important role played by science-based risk analysis and risk management in the WTO today, such as in the area of sanitary and phytosanitary measures. The United States and others will continue to work with the EU to better understand the EU's perspective.

- In addition, the United States is committed to the successful negotiation of agricultural trade liberalization, which already is underway in the WTO. We recognize that there is much additional work to frame the agricultural negotiations—work that must be done in cooperation with the many other agricultural and developing exporting countries in Latin America and the Pacific—the Cairns Group—as well as with developing countries that are net food importers.

- Given the expanded membership of the WTO since the launch of the Uruguay Round 15 years ago, we need to be particularly sensitive to developing countries' interests as we prepare for the new Round.

- First, we need to address the difficulties that many developing countries have experienced in trying to implement certain Uruguay Round obligations. Both the U.S. and the EU are working with our partners to develop appropriate responses to these situations, even before the Ministerial meeting in Doha.

- The report on implementation issued by WTO Director-General Mike Moore and WTO General Council chairman Stuart Harbinson on July 13 shows that there has been meaningful progress on developing appropriate responses on these issues.

- Drawing upon elements of this report, we will work with our partners to achieve further progress in the area of implementation, including through negotiations, where appropriate.

- Second, we need to provide aid and other financial support to help developing countries build the capacity to take part in trade negotiations effectively and then follow through on agreements. To this end, USAID is implementing a cooperative and effective U.S. program to facilitate trade.

- The U.S. and the EU are working with the World Bank to discuss how it can support strongly these trade capacity-building efforts.

- This work with the World Bank complements the efforts of the Inter-American Development Bank.

- It also complements the Administration's enthusiastic support for preferential programs, such as the African Growth and Opportunity Act (which provides duty-free access to the United States for nearly all goods produced in 35 nations of sub-Saharan Africa), the Andean Trade Preferences Act, the Generalized System of Preferences, and the Caribbean Basin Initiative.

- The U.S. and the EU share a critical premise: Our trade agenda must be consistent with our values. For example, we are both using the flexibility afforded by TRIPS to enable countries and companies to help deal with the tragic pandemic of HIV/AIDS in a way that protects intellectual property. The United States believes that economic liberty helps foster and sustain political freedom, and that open trade and private markets provide the foundation for the rule of law.

- We also are working on how the WTO should deal with various trade-related areas of relevance to broader issues and new technologies, such as e-commerce, trade and health, globalization, and social development.

- We recognize that the WTO needs to address many new and changing challenges.

- Yet there are different ways to shape the future trading and international economic system. One size doesn't fit all problems.

- On some new topics, the WTO may seek to promote negotiations. On others, the WTO may need to consider preparing the way for future negotiations. On still others, the WTO and its members can contribute to work proceeding elsewhere, including through private sector developments.

- When our countries created the WTO in 1995, we did so with the idea that the new organization could assist in these types of developments. Before the creation of the WTO, there was no infrastructure for considering new topics and arranging follow-up negotiations.

- There is still substantial work ahead of us—in our joint work with the EU, and with other members of the WTO. But we are convinced that a new Round of WTO trade-liberalizing negotiations is in the interests of the United States, the Member States of the European Union, and the rest of the developed and developing world. We are committed to making every possible effort to reach agreement with our trading partners on an appropriate mandate for such negotiations. This commitment will be reiterated clearly by President Bush at this weekend's Summit in Genoa.

# **SINGAPORE MINISTERIAL DECLARATION**

Adopted on 13 December 1996

## **Purpose**

1. We, the Ministers, have met in Singapore from 9 to 13 December 1996 for the first regular biennial meeting of the WTO at Ministerial level, as called for in Article IV of the Agreement Establishing the World Trade Organization, to further strengthen the WTO as a forum for negotiation, the continuing liberalization of trade within a rule-based system, and the multilateral review and assessment of trade policies, and in particular to:

- assess the implementation of our commitments under the WTO Agreements and decisions;
- review the ongoing negotiations and Work Programme;
- examine developments in world trade; and
- address the challenges of an evolving world economy.

## **Trade and Economic Growth**

2. For nearly 50 years Members have sought to fulfil, first in the GATT and now in the WTO, the objectives reflected in the preamble to the WTO Agreement of conducting our trade relations with a view to raising standards of living worldwide. The rise in global trade facilitated by trade liberalization within the rules-based system has created more and better-paid jobs in many countries. The achievements of the WTO during its first two years bear witness to our desire to work together to make the most of the possibilities that the multilateral system provides to promote sustainable growth and development while contributing to a more stable and secure climate in international relations.

## **Integration of Economies; Opportunities and Challenges**

3. We believe that the scope and pace of change in the international economy, including the growth in trade in services and direct investment, and the increasing integration of economies offer unprecedented opportunities for improved growth, job creation, and development. These developments require adjustment by economies and societies. They also pose challenges to the trading system. We commit ourselves to address these challenges.

## **Core Labour Standards**

4. We renew our commitment to the observance of internationally recognized core labour standards. The International Labour Organization (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration.

## Marginalization

5. We commit ourselves to address the problem of marginalization for least-developed countries, and the risk of it for certain developing countries. We will also continue to work for greater coherence in international economic policy-making and for improved coordination between the WTO and other agencies in providing technical assistance.

## Role of WTO

6. In pursuit of the goal of sustainable growth and development for the common good, we envisage a world where trade flows freely. To this end we renew our commitment to:

- a fair, equitable and more open rule-based system;
- progressive liberalization and elimination of tariff and non-tariff barriers to trade in goods;
- progressive liberalization of trade in services;
- rejection of all forms of protectionism;
- elimination of discriminatory treatment in international trade relations;
- integration of developing and least-developed countries and economies in transition into the multilateral system; and
- the maximum possible level of transparency.

## Regional Agreements

7. We note that trade relations of WTO Members are being increasingly influenced by regional trade agreements, which have expanded vastly in number, scope and coverage. Such initiatives can promote further liberalization and may assist least-developed, developing and transition economies in integrating into the international trading system. In this context, we note the importance of existing regional arrangements involving developing and least-developed countries. The expansion and extent of regional trade agreements make it important to analyse whether the system of WTO rights and obligations as it relates to regional trade agreements needs to be further clarified. We reaffirm the primacy of the multilateral trading system, which includes a framework for the development of regional trade agreements, and we renew our commitment to ensure that regional trade agreements are complementary to it and consistent with its rules. In this regard, we welcome the establishment and endorse the work of the new Committee on Regional Trade Agreements. We shall continue to work through progressive liberalization in the WTO as we are committed in the WTO Agreement and Decisions adopted at Marrakesh, and in so doing facilitate mutually supportive processes of global and regional trade liberalization.

## Accessions

8. It is important that the 28 applicants now negotiating accession contribute to completing the accession process by accepting the WTO rules and by offering meaningful market access commitments. We will work to bring these applicants expeditiously into the WTO system.

## Dispute Settlement

9. The Dispute Settlement Understanding (DSU) offers a means for the settlement of disputes among Members that is unique in international agreements. We consider its impartial and transparent operation to be of fundamental importance in assuring the resolution of trade disputes, and in fostering the implementation and application of the WTO agreements. The Understanding, with its predictable procedures, including the possibility of appeal of panel decisions to an Appellate Body and provisions on implementation of recommendations, has improved Members' means of resolving their differences. We believe that the DSU has worked effectively during its first two years. We also note the role that several WTO bodies have played in helping to avoid disputes. We renew our determination to abide by the rules and procedures of the DSU and other WTO agreements in the conduct of our trade relations and the settlement of disputes. We are confident that longer experience with the DSU, including the implementation of panel and appellate recommendations, will further enhance the effectiveness and credibility of the dispute settlement system.

### Implementation

10. We attach high priority to full and effective implementation of the WTO Agreement in a manner consistent with the goal of trade liberalization. Implementation thus far has been generally satisfactory, although some Members have expressed dissatisfaction with certain aspects. It is clear that further effort in this area is required, as indicated by the relevant WTO bodies in their reports. Implementation of the specific commitments scheduled by Members with respect to market access in industrial goods and trade in services appears to be proceeding smoothly. With respect to industrial market access, monitoring of implementation would be enhanced by the timely availability of trade and tariff data. Progress has been made also in advancing the WTO reform programme in agriculture, including in implementation of agreed market access concessions and domestic subsidy and export subsidy commitments.

### Notifications and Legislation

11. Compliance with notification requirements has not been fully satisfactory. Because the WTO system relies on mutual monitoring as a means to assess implementation, those Members which have not submitted notifications in a timely manner, or whose notifications are not complete, should renew their efforts. At the same time, the relevant bodies should take appropriate steps to promote full compliance while considering practical proposals for simplifying the notification process.

12. Where legislation is needed to implement WTO rules, Members are mindful of their obligations to complete their domestic legislative process without further delay. Those Members entitled to transition periods are urged to take steps as they deem necessary to ensure timely implementation of obligations as they come into effect. Each Member should carefully review all its existing or proposed legislation, programmes and measures to ensure their full compatibility with the WTO obligations, and should carefully consider points made during review in the relevant WTO bodies regarding the WTO consistency of legislation, programmes and measures, and make appropriate changes where necessary.

### Developing Countries

13. The integration of developing countries in the multilateral trading system is important for their economic development and for global trade expansion. In this connection, we recall that the WTO Agreement embodies provisions conferring differential and more favourable treatment for developing countries, including special attention to the particular situation of least-developed countries. We acknowledge the fact that developing country Members have undertaken significant new commitments, both substantive and procedural, and we recognize

the range and complexity of the efforts that they are making to comply with them. In order to assist them in these efforts, including those with respect to notification and legislative requirements, we will improve the availability of technical assistance under the agreed guidelines. We have also agreed to recommendations relative to the decision we took at Marrakesh concerning the possible negative effects of the agricultural reform programme on least-developed and net food-importing developing countries.

### Least-Developed Countries

14. We remain concerned by the problems of the least-developed countries and have agreed to:

- a Plan of Action, including provision for taking positive measures, for example duty-free access, on an autonomous basis, aimed at improving their overall capacity to respond to the opportunities offered by the trading system;
- seek to give operational content to the Plan of Action, for example, by enhancing conditions for investment and providing predictable and favourable market access conditions for LLDCs' products, to foster the expansion and diversification of their exports to the markets of all developed countries; and in the case of relevant developing countries in the context of the Global System of Trade Preferences; and
- organize a meeting with UNCTAD and the International Trade Centre as soon as possible in 1997, with the participation of aid agencies, multilateral financial institutions and least-developed countries to foster an integrated approach to assisting these countries in enhancing their trading opportunities.

### Textiles and Clothing

15. We confirm our commitment to full and faithful implementation of the provisions of the Agreement on Textiles and Clothing (ATC). We stress the importance of the integration of textile products, as provided for in the ATC, into GATT 1994 under its strengthened rules and disciplines because of its systemic significance for the rule-based, non-discriminatory trading system and its contribution to the increase in export earnings of developing countries. We attach importance to the implementation of this Agreement so as to ensure an effective transition to GATT 1994 by way of integration which is progressive in character. The use of safeguard measures in accordance with ATC provisions should be as sparing as possible. We note concerns regarding the use of other trade distortive measures and circumvention. We reiterate the importance of fully implementing the provisions of the ATC relating to small suppliers, new entrants and least-developed country Members, as well as those relating to cotton-producing exporting Members. We recognize the importance of wool products for some developing country Members. We reaffirm that as part of the integration process and with reference to the specific commitments undertaken by the Members as a result of the Uruguay Round, all Members shall take such action as may be necessary to abide by GATT 1994 rules and disciplines so as to achieve improved market access for textiles and clothing products. We agree that, keeping in view its quasi-judicial nature, the Textiles Monitoring Body (TMB) should achieve transparency in providing rationale for its findings and recommendations. We expect that the TMB shall make findings and recommendations whenever called upon to do so under the Agreement. We emphasize the responsibility of the Goods Council in overseeing, in accordance with Article IV:5 of the WTO Agreement and Article 8 of the ATC, the functioning of the ATC, whose implementation is being supervised by the TMB.

## Trade and Environment

16. The Committee on Trade and Environment has made an important contribution towards fulfilling its Work Programme. The Committee has been examining and will continue to examine, *inter alia*, the scope of the complementarities between trade liberalization, economic development and environmental protection. Full implementation of the WTO Agreements will make an important contribution to achieving the objectives of sustainable development. The work of the Committee has underlined the importance of policy coordination at the national level in the area of trade and environment. In this connection, the work of the Committee has been enriched by the participation of environmental as well as trade experts from Member governments and the further participation of such experts in the Committee's deliberations would be welcomed. The breadth and complexity of the issues covered by the Committee's Work Programme shows that further work needs to be undertaken on all items of its agenda, as contained in its report. We intend to build on the work accomplished thus far, and therefore direct the Committee to carry out its work, reporting to the General Council, under its existing terms of reference.

## Services Negotiations

17. The fulfilment of the objectives agreed at Marrakesh for negotiations on the improvement of market access in services - in financial services, movement of natural persons, maritime transport services and basic telecommunications - has proved to be difficult. The results have been below expectations. In three areas, it has been necessary to prolong negotiations beyond the original deadlines. We are determined to obtain a progressively higher level of liberalization in services on a mutually advantageous basis with appropriate flexibility for individual developing country Members, as envisaged in the Agreement, in the continuing negotiations and those scheduled to begin no later than 1 January 2000. In this context, we look forward to full MFN agreements based on improved market access commitments and national treatment. Accordingly, we will:

- achieve a successful conclusion to the negotiations on basic telecommunications in February 1997; and
- resume financial services negotiations in April 1997 with the aim of achieving significantly improved market access commitments with a broader level of participation in the agreed time frame.

With the same broad objectives in mind, we also look forward to a successful conclusion of the negotiations on Maritime Transport Services in the next round of negotiations on services liberalization.

In professional services, we shall aim at completing the work on the accountancy sector by the end of 1997, and will continue to develop multilateral disciplines and guidelines. In this connection, we encourage the successful completion of international standards in the accountancy sector by IFAC, IASC, and IOSCO. With respect to GATS rules, we shall undertake the necessary work with a view to completing the negotiations on safeguards by the end of 1997. We also note that more analytical work will be needed on emergency safeguards measures, government procurement in services and subsidies.

## ITA and Pharmaceuticals

18. Taking note that a number of Members have agreed on a Declaration on Trade in Information Technology Products, we welcome the initiative taken by a number of WTO Members and other States or separate customs territories which have applied to accede to the

WTO, who have agreed to tariff elimination for trade in information technology products on an MFN basis as well as the addition by a number of Members of over 400 products to their lists of tariff-free products in pharmaceuticals.

### Work Programme and Built-in Agenda

19. Bearing in mind that an important aspect of WTO activities is a continuous overseeing of the implementation of various agreements, a periodic examination and updating of the WTO Work Programme is a key to enable the WTO to fulfil its objectives. In this context, we endorse the reports of the various WTO bodies. A major share of the Work Programme stems from the WTO Agreement and decisions adopted at Marrakesh. As part of these Agreements and decisions we agreed to a number of provisions calling for future negotiations on Agriculture, Services and aspects of TRIPS, or reviews and other work on Anti-Dumping, Customs Valuation, Dispute Settlement Understanding, Import Licensing, Preshipment Inspection, Rules of Origin, Sanitary and Phyto-Sanitary Measures, Safeguards, Subsidies and Countervailing Measures, Technical Barriers to Trade, Textiles and Clothing, Trade Policy Review Mechanism, Trade-Related Aspects of Intellectual Property Rights and Trade-Related Investment Measures. We agree to a process of analysis and exchange of information, where provided for in the conclusions and recommendations of the relevant WTO bodies, on the Built-in Agenda issues, to allow Members to better understand the issues involved and identify their interests before undertaking the agreed negotiations and reviews. We agree that:

- the time frames established in the Agreements will be respected in each case;
- the work undertaken shall not prejudice the scope of future negotiations where such negotiations are called for; and
- the work undertaken shall not prejudice the nature of the activity agreed upon (i.e. negotiation or review).

### Investment and Competition

20. Having regard to the existing WTO provisions on matters related to investment and competition policy and the built-in agenda in these areas, including under the TRIMs Agreement, and on the understanding that the work undertaken shall not prejudice whether negotiations will be initiated in the future, we also agree to:

- establish a working group to examine the relationship between trade and investment; and
- establish a working group to study issues raised by Members relating to the interaction between trade and competition policy, including anti-competitive practices, in order to identify any areas that may merit further consideration in the WTO framework.

These groups shall draw upon each other's work if necessary and also draw upon and be without prejudice to the work in UNCTAD and other appropriate intergovernmental fora. As regards UNCTAD, we welcome the work under way as provided for in the Midrand Declaration and the contribution it can make to the understanding of issues. In the conduct of the work of the working groups, we encourage cooperation with the above organizations to make the best use of available resources and to ensure that the development dimension is taken fully into account. The General Council will keep the work of each body under review, and will determine after two years how the work of each body should proceed. It is clearly understood that future negotiations, if any, regarding multilateral disciplines in these areas, will take place only after an explicit consensus decision is taken among WTO Members regarding such

negotiations.

### **Transparency in Government Procurement**

21. We further agree to:

- establish a working group to conduct a study on transparency in government procurement practices, taking into account national policies, and, based on this study, to develop elements for inclusion in an appropriate agreement; and
- direct the Council for Trade in Goods to undertake exploratory and analytical work, drawing on the work of other relevant international organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area.

### **Trade Facilitation**

22. In the organization of the work referred to in paragraphs 20 and 21, careful attention will be given to minimizing the burdens on delegations, especially those with more limited resources, and to coordinating meetings with those of relevant UNCTAD bodies. The technical cooperation programme of the Secretariat will be available to developing and, in particular, least-developed country Members to facilitate their participation in this work.

23. Noting that the 50th anniversary of the multilateral trading system will occur early in 1998, we instruct the General Council to consider how this historic event can best be commemorated.

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Finally, we express our warmest thanks to the Chairman of the Ministerial Conference, Mr. Yeo Cheow Tong, for his personal contribution to the success of this Ministerial Conference. We also want to express our sincere gratitude to Prime Minister Goh Chok Tong, his colleagues in the Government of Singapore and the people of Singapore for their warm hospitality and the excellent organization they have provided. The fact that this first Ministerial Conference of the WTO has been held at Singapore is an additional manifestation of Singapore's commitment to an open world trading system.