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From Doha to Kananaskis Conference

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From Doha, to Monterrey, to Johannesburg

This Conference offers a good occasion to assess the outcome of the Doha Ministerial Conference in the wider perspective of global governance.

The Doha Development Agenda does in fact represent the integration approach promoted by the EU to harnessing globalisation. The inclusion in the agenda of negotiations on a wide range of trade related issues should ensure that market liberalisation takes place in a broader regulatory framework helping countries to manage and maximise the benefits of reforms. The negotiations which have been launched in Doha and the emphasis on integrating developing countries more effectively into the trading system will take the WTO into a new era which will allow the organisation to play a fuller role in the pursuit of economic growth, employment and poverty reduction and in the promotion of sustainable development.

Doha has set an agenda for a version of globalisation which also benefits the poor. But the EU clearly recognises that a free world market alone will not lead to equitable and sustainable development. Official Development Assistance (ODA) remains crucial to support the autonomous efforts of developing countries, notably the poor ones. The International Conference for Financing for Development in Monterrey in a few weeks time must show that the international community is ready to take concrete steps in fulfilling its longstanding financial promises.

The Monterrey consensus exists already in the form of agreed conclusions but the real test will be whether Monterrey will generate more cash for development while increasing at the same time the quality of ODA.

From Doha and Monterrey the multilateral diplomacy agenda moves to Johannesburg in September for the World Summit on Sustainable development.

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The European Union is well placed to assume a leading role in the pursuit of global sustainable development. It is the world's largest donor of development aid, the world's biggest trading partner and a major source of foreign direct investment (FDI). Moreover throughout its own evolution the European model of integration has been based on pursuing mutually supportive strategies for stable economic growth, social development and environmental protection.

Johannesburg should result in a balanced, coherent and action oriented agenda simultaneously addressing the economic social and environmental problems of this world and incorporating other relevant processes including Doha.

Doha, Monterrey and Johannesburg together constitute a formidable challenge for a more coherent approach in global governance and in managing globalisation. The input in this process of the industrialised countries will be crucial. Hence the importance of the G-8 Summit in Kananaskis hosted by Canada.

Strengthening the multilateral trading system

The most important result from Doha was the very fact that the WTO, after the failure of Seattle, was capable to launch a new Round of Trade Negotiations. Yet another failure would have constituted a fatal blow to the multilateral trading system and to WTO as an organisation. Moreover, in the aftermath of September 11th and in the context of a world wide recession a failure to agree would have generated a negative impact on the market place.

The year 2001 has already been marked by a considerable downturn in world trade and a dramatic fall in FDI.

The prospect of further market liberalisation and international rules on investment should contribute to reverse the trend.

While developed countries might have promoted further trade liberalisation within Regional Free Trade Agreements, most developing countries do not have this fallback position. They will depend heavily on a new round of trade negotiations for improved access to markets for their agricultural products and textiles. At the same time strengthened Special and Differential Treatment provisions, as well as a comprehensive strategy for trade related technical assistance and capacity building, should address their specific constraints.

A more inclusive preparatory process

Much of the success of Doha is due to the strong emphasis on development in its preparatory process. Both on substance and on the process itself. On process we have learned quite a few lessons from the inadequate preparations of Seattle. This time the Geneva process had been far more transparent and inclusive. We have been at pains to include the entire membership in the preparatory process. Even more importantly Ministers and Senior capital-based officials have been involved at an early stage in the preparations.

We have had a great many Ministerial meetings of regional groupings and ad hoc Mini-Ministerials like the one's in Mexico and Singapore.

Both the US and the EU have been seen building bridges, not only between themselves as major trading partners, but more importantly with developing countries. At the same time we

have seen the phenomenon of a much more structural and enhanced co-ordination between developing countries. Their common positions and the growing assertiveness with which they were presented constituted a coming of age of developing countries within the WTO system and much to its benefit.

We have to build on this experience in the actual negotiations which are now coming off to a good start. The momentum of Doha was not lost and Members managed to agree on the structure of the negotiations and the Chairs of the different negotiating bodies. They also agreed on the principles and practices of the negotiating process with due emphasis on inclusiveness and transparency. Yet it remains quite a challenge for a consensus based and Member driven organisation of 144 Members to conclude within three years such a wide ranging negotiation as was launched at Doha. It will call for a lot of confidence building in the initial phase up to the 5th Ministerial Conference and above all delivering upfront on the promises on increased and better co-ordinated technical assistance and capacity building.

The Doha Development Agenda

It is more than fair to consider the outcome of the Doha as a development agenda.

Developing countries obtained a meaningful implementation package. Since Seattle implementation had become the overriding development issue and indeed going well beyond the strict notion of implementing the Uruguay Agreements. In fact it has become a kind of re-balancing exercise of the WTO rights and obligations, in favour of developing countries. The overall result may even have exceeded their own expectations. The immediate results of the implementation exercise were by all means positive; moreover the remaining implementation issues will now be part and parcel of the negotiating agenda of the New Round.

The declaration on TRIPs and Public Health can be considered as a landmark agreement in terms of public relations vis-à-vis the developing world. While it preserves the rights and obligations of the TRIPs Agreement, it clarifies helpfully the flexibility of the agreement in such a way as to provide greater confidence that developing countries will be able to promote access to medicines for all.

But also the negotiating agenda as such caters very extensively throughout for the interest and concerns of developing countries: Tariff peaks, agriculture and trade defense measures are all chapters which will open new opportunities for these countries. The Declaration contains specific commitments in the integration of the Least Developed Countries into the global economy. WTO Members also agreed to innovative work on the specific situation of small and vulnerable economies, as well as the examination of inter-relationships between trade, debt, finance and technology transfer.

Last but not least, throughout the declaration particular emphasis is given to special and differential treatment and the need to enhance technical co-operation and capacity building. As far as the latter is concerned, direct links have been established between capacity building and the assumption of new obligations as a result of the negotiations. On a broader note, WTO Members now explicitly recognise and support efforts to make trade a coherent part of the development strategies and programmes.

Technical assistance and capacity building

The Doha agenda contains a strong commitment to a comprehensive strategy for trade related technical assistance (TRTA) and capacity building (CB) both in relation to existing agreements and in support to full participation in future negotiations, as well of the implementation of their result.

Technical assistance and capacity building activities should be designed to assist developing countries, LDC's and low income countries in transition:

- To adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership;
- To enhance the negotiating capacity (in particular on Singapore issues and trade and environment);
- To build capacities for the formulation and implementation of trade policies;
- To mainstream trade related technical assistance in the national poverty reduction programmes (Integrated Framework);
- To facilitate and accelerate negotiations with acceding LDC's;
- To enhance technical assistance to non residents in Geneva;
- To make full use of information technology - and technical assistance tools.

The challenge is not so much one of funding. I am confident that the pledging conference scheduled for March 11th will be successful and provide well above the 15 million CHF target of pre-existing trust funds. The challenge will be one of speedy delivery of TRTA/CB, of its quality, of its relevance to the WTO agenda and of the objective and unbiased nature of policy advice that developing countries will be offered in TRTA/CB programmes.

This will call for collaborative initiatives with other multilateral agencies and an effective co-ordination between them and donor countries. Particular attention should be given to the identification of the needs of recipient countries.

Globalisation and global governance

As far as the European Union is concerned, we had two major strategic objectives for Doha. We sought comprehensive trade liberalisation, not least to restore business confidence, but at the same time we wanted a strengthening of the rules-based trade system. In other words, more market access on the one hand, but balanced by more rule-making in order to harness the overall process of globalisation.

Secondly, the European Union did want a round, which focussed on development. Not just the direct trade interest of developing countries but sustainable development in the system.

No doubt, our strategic objectives were much more ambitious than those of most of our major trading partners, including the United States.

One of the main achievements of Doha is that it moves the WTO away from being a forum focussing simply on trade-liberalisation to a rulemaking organisation in an area essential for global governance. Doha will contribute crucially to improved governance by expanding trade related matters subject to global rules in such areas as investment, competition, trade facilitation and government procurement.

Even though actual negotiations in these areas will only start after the 5th Ministerial Conference their inclusion in the negotiating agenda is of paramount importance. Rules in these areas will be of fundamental systemic and economic benefit including to developing countries who were amongst the most resistant to new rule making.

Both in the Geneva process and in Doha itself there has been much to do about the so-called new issues, particularly about investment and competition. Personally, I do not think that the major difficulty was the opposition of countries which had substantive difficulties in including these items in the negotiating agenda. In fact, there were only very few developing countries which were not willing to engage in this direction. The overwhelming majority of the so-called opponents recognised the merits of a multilateral framework for both investment and competition policies but did not feel ready to engage in negotiations due to the lack of institutional capacity and human resources. I am quite convinced that the situation will be different by the time we approach the 5th Ministerial Conference, provided that in the meantime we can enhance capacity building and reach out in view of a better understanding of these issues involved. A multilateral framework for foreign direct investment will ultimately benefit developing countries while preserving the right to regulate by the host Government. I am confident that most WTO members will be ready to comply with the principles to be included in the investment framework (transparency and non-discrimination) and that the GATTs-type bottom up approach for the admission of investors, will allow for the necessary flexibility.

As far as competition is concerned, the Doha Declaration rightly focuses on the attention on the need to respond to the particular interests and concerns of developing countries. It explicitly recognises the need for flexibility and enhanced technical assistance. Most developing countries will acknowledge that the introduction of competition policies, rather sooner than later, would be to their benefit and enhance competitiveness of their industries. Moreover, one has to recognise that competition policies and competition authorities aim principally to protect the weaker within the economic system: be it consumers, small and medium-sized enterprises or developing economies.

Doha will also contribute to increase international policy coherence as it provides for negotiations leading to clarification of the status of Multilateral Environmental Agreements (MEA's) in relation to the WTO.

As is clear from my previous remarks the Doha Development Agenda will contribute to improved global governance by addressing the concerns of developing countries on implementation and by mainstreaming the development dimension into all individual negotiations.

This will ensure that developing countries are integrated equitably into the world economy and help them to reap the benefits of trade and investment liberalisation through complementary policies.

The preparation of Doha has also been instrumental in triggering of the ILO process on a social dimension of globalisation. The establishment of the World Commission in the next few weeks will provide a useful global framework for moving this issue forward in a way that other international organisations, including WTO, can contribute to this process.

WTO reform

As far as the WTO reform is concerned, it will be more and more difficult to combine the fiction of a member-driven organisation with 144 members and the need of efficiency. Internal transparency and inclusiveness are by all means an important feature of any organisation. Within the WTO we have come a long way in this respect since Seattle. But it has to go hand in hand with enhanced efficiency. A rule-making organisation as the WTO should have more resources – both human and financial – and should be more management-driven. It should have mechanisms which allow for routine decisions – both on management and on substance – without going through the cumbersome process of the General Council. It should also allow initiatives to be taken by the Director-General on substantive issues. Last but not least it should enable the organisation to take decisions in improving, adapting and clarifying rules outside a Round or a single undertaking.

We are not likely to get there in an immediate future but we should reflect on it. The globalisation process should be matched by the capacity of the rule making body to live up to it.

At the same time we have to realise that WTO on itself cannot eradicate poverty, ensure sustainable development or promote our labour standards. The Doha Declaration usefully reminds us of this.

Other international organisations – Bretton Woods and UN – will need more coherence and complementarity between themselves and with National Governments. Only then we can respond to the challenges of globalisation and address the needs of the developing world.

One cannot contemplate WTO reform without addressing the question of external transparency and accountability.

Both have to start at home through a greater involvement of civil society and national parliaments in WTO matters which call nowadays for a much broader constituency than the traditional trade policy community.

But we need to find ways and means for a greater involvement of civil society and Parliaments in Geneva as well.

Otherwise transparency will be limited and accountability will suffer.