



Business and Industry Advisory Committee to the **OECD**

Comité Consultatif Economique et Industriel Auprès de l' **OCDE**

## Office of the Secretary General

Paris, 15 November 2005

Dear Minister,

The multilateral trading system is at a crossroads, and supportive decisions by governments are urgently needed. The OECD business community represented by BIAC believes the upcoming WTO Ministerial in Hong Kong will be crucial for the prospects of the Doha Development Round and for the future of the WTO. If countries agree on substantive compromises in key areas, the prospects are good that the Doha Development Round can be concluded with ambitious and balanced results. If not, the chances for success are small.

Much is at stake for the multilateral trading system. A failure to reach meaningful trade liberalization in the Round would undermine the credibility of the WTO. It would probably lead to more regional and bilateral preferential trade agreements that many countries already perceive as attractive alternatives to the WTO. Although regional and multilateral agreements can complement each other, multilateral trade liberalization remains the priority for international business. The role of the WTO is to determine the rules for regional agreements and to set high benchmarks for trade liberalization on a non-discriminatory basis.

Much is also at stake for the individual WTO members. An unsuccessful Round would deprive them of the opportunity to greatly enhance their welfare. This is very important to OECD countries but in particular to developing countries. OECD analyses suggest that a full elimination of tariffs and progress in trade facilitation would yield global welfare gains of about US\$174 billion. Of this, the share accruing to developing countries would amount to about US\$90 billion. The potential gains from liberalization of trade in services are expected to be even much higher. Furthermore, both developing and developed countries would stand to benefit significantly from other forms of liberalization such as the reduction of non-tariff barriers. The impressive potential for global welfare gains from trade liberalization shows that success in the Doha Development Round is essential.

There are several practical reasons why the WTO negotiations must be completed by end 2006. This means that we have a limited window of opportunity to get these negotiations off the ground, and time is running out. As WTO Director General Pascal Lamy reminded WTO members recently, the Ministerial meeting in Hong Kong "has to take us two thirds of the way on the path toward a successful conclusion" of the Round.

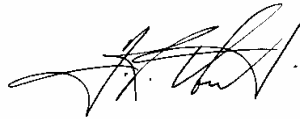
OECD business leaders share this sense of urgency and are very concerned by the slow pace of negotiations to date. Recently, there have been indications which suggest that policy makers have become aware of the pressing need for progress, especially in the negotiations on agriculture. In order to achieve ambitious results, BIAC regards it as imperative that negotiators reach general agreement on the framework for ambitious and balanced liberalisation by the conclusion of the December Ministerial, so that 2006 can be devoted to more detailed negotiations. Political commitment at the highest level among all the major players is essential to move the process forward.

The international business community expects a comprehensive package that will include the ambitious liberalization of tariff and non-tariff barriers for industrial goods and market access for services, with meaningful participation by emerging markets and developing countries; substantial liberalization of agricultural trade barriers; improved global trade rules; and an agreement on trade facilitation.

For OECD businesses, whose future growth lies mainly in international markets, the Doha Development Round is too important to fail. A success is still possible. To realize the great promise of the Round, WTO members must intensify their efforts and make real progress in the coming weeks.

We encourage you and your colleagues from OECD countries to take the necessary decisions to make this Round a success.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. R. Vant', with a stylized flourish at the end.

Thomas R. Vant  
Secretary General

## BIAC MEMBER ORGANISATIONS



**Australia**  
*Australian Chamber of Commerce and Industry*



**Korea**  
*Federation of Korean Industries*



**Austria**  
*Industriellenvereinigung*



**Luxembourg**  
*Fédération des Industriels Luxembourgeois*



**Belgium**  
*Fédération des Entreprises de Belgique*



**Mexico**  
*Confederacion de Camaras Industriales de los Estados Unidos Mexicanos  
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*The Canadian Chamber of Commerce*



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*Svaz Prumyslu a Dopravy Ceske Republiky*



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Türkiye İşveren Sendikaları Konfederasyonu  
Türk Sanayicileri Ve İşadamları Derneği*



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*Confederation of British Industry*



**Japan**  
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**United States**  
*United States Council for International Business*