



In Committee

BIAC PRIORITIES FOR THE WTO DOHA NEGOTIATIONS AND RECOMMENDATIONS TO THE OECD

February 20, 2003

The world trading system and the open markets that it promotes are essential to sustainable economic growth, supporting and diffusing innovation and technology, and reducing poverty by creating wealth. Multilateral trade policy has an important complementary role in helping countries absorb and capitalise on the growth and development potential of a rapidly changing global marketplace. For over 50 years, the disciplines of the GATT/WTO system have made a major contribution to economic growth and improved living standards around the world. On this basis, the business community of the OECD member countries continues to support broad-based, balanced, trade negotiations under the WTO “Doha Development Agenda” as a matter of high priority.

The OECD has a key role to play in fostering further confidence in and support for the global trading system. It generates important analytical work to enhance the understanding of complex issues dealt with in the WTO, as a base for the negotiations outlined in the Doha Declaration. The OECD study “Open Markets Matter” and “The Case for Open Services Markets” present evidence of the tangible benefits of market liberalisation on employment, income distribution, and environmental protection, and clarifies the relationship of trade rules to national sovereignty. BIAC urges the OECD to communicate this message consistently across its work.

In addition, the OECD’s outreach programmes provide skilled resources for improving the technical capacities of the developing countries in the field of trade policy. Encouraging and participating in this process is fundamental for the OECD.

The most important result of the Doha Ministerial was a clear call for negotiations on a full agenda to further liberalise global trade. The challenge for the Ministerial meeting in Cancun next September will be to build bridges between those WTO members that want broad negotiations and those that are still uncertain of the benefits to be gained. In particular, BIAC urges consensus with respect to the “Singapore issues”, and the language for negotiations on trade and environment.

Our priorities include:

Continued and significant negotiating progress on:

- Industrial goods
- Services
- Agriculture
- The relationship between trade and investment
- Trade facilitation
- Transparency in government procurement

We believe that focus should continue to be placed on:

- WTO rules on antidumping and subsidies
- Trade and environment
- Trade and competition policy
- Telecommunications and electronic commerce

Building support for results on these issues across all stakeholders will be critical to a successful completion of the negotiations within two years from now. OECD is important in developing fact-based analysis to support development of policies that underpin open markets and their benefits. The BIAC business community played an active role leading up to and during the Doha meetings, and will remain engaged throughout the negotiations.

Growth and Development

At Doha, developing countries purposefully represented their interests. This is a most welcome impetus by these countries towards a broader participation, which will offer the most expansive possibilities for growth in the global economy. The response of the developed world to the increased profile of developing countries is reflected throughout the Ministerial Declaration, in the decision on implementation issues and in the declaration on TRIPS and public health. In many fields there is a strong convergence between the interests of developed and developing countries. What matters most is to ensure that the mechanics, dynamics and benefits of further trade liberalisation, are positively perceived and understood by all.

In this context, a firm commitment to capacity building is one of the most important factors for the developing countries' ability to formulate and implement commitments made in the WTO agreements. A co-ordinated plan for trade-related capacity building will be critical to ensure that developing countries continue to engage in the WTO process and benefit from trade through economic growth and poverty reduction. An emphasis on trade in development policy and sustained adequate funding of these capacity-building activities in this area are therefore necessary.

One of the great achievements of the Uruguay Round was the improved participation of developing countries in common trade disciplines. It showed that the former approach to Special and Differential Treatment (SDT) for developing countries, which in practice often resulted in non-participation, had the perverse effect of impeding access to the benefits of trade and competitive markets. It is therefore time to develop an SDT instrument that really encourages participation. To that end the meaning of SDT, the circumstances for its application and the timing for its phase out should be clarified in specific terms.

Specific Recommendations

Market Access

Industrial Goods

Market access (including both tariff and non-tariff barriers) is the number one priority for business in the WTO negotiation. Tariff reduction will greatly benefit developing countries as well as OECD members, and negotiators should pursue elimination of all industrial tariffs by a date certain.

BIAC supports various approaches toward this end, including:

- Use of general reduction formulae leading to substantial tariff reductions across the board for all products;
- Elimination of tariffs in agreed sectors by specified dates and expansion of participation in the zero for zero and harmonisation agreements of the Uruguay Round;
- Scheduled reductions of tariff peaks and extensions of tariff bindings and product coverage;
- Elimination of marginal tariffs, tariff escalation; and
- Early elimination of tariffs on all information and communications technology (ICT) products.

With respect to elimination of technical barriers to trade, negotiations should aim at making substantive progress in both implementing and further developing the WTO Agreement on Technical Barriers to Trade (TBT) to bring about greater use of and effective implementation of international standards.

For example, many labelling schemes are unilateral, not transparent, and commercially driven. Non-product related process and production methods (PPM) labelling discriminates unfairly against identical like products and influences consumer spending and consequently market access. BIAC supports application of the WTO TBT to address discriminatory labelling practices and we support OECD analysis on the trade impact of labelling schemes.

Services

BIAC continues its strong support for liberalisation of trade in services across all sectors, which is also a top BIAC priority in this negotiation. The GATS' major shortcoming is the limited number of scheduled commitments on market access and national treatment that go beyond the pre-Uruguay Round status quo.

Business priorities in these negotiations are:

- Vastly improving and expanding market access commitments;
- Increasing transparency;
- Reducing the unnecessary burdens of domestic regulation on cross-border services trade and foreign direct investment in services;
- Easier temporary movement of natural persons, especially key business personnel;

- Addressing service liberalisation in the context of e-commerce;
- Development of pro-competitive regulatory principles in sectors where appropriate.

BIAC applauds the OECD study on “The Case for Open Services Markets”, and encourages wide dissemination of this publication, and continued updates to the study as necessary.

Agricultural Trade

The major goal of the WTO negotiations on agriculture should be to build upon progress made in the Uruguay Round, to create new market access opportunities, and to ensure that the benefits of an open market system reach developing countries. No products or policies should be exempted from new rules and disciplines.

BIAC views on agricultural trade are presented in its Discussion Paper for a High-Level Meeting of the Committee for Agriculture, September 2001. These recommendations include:

- Tariff peaks and tariff escalation should be eliminated;
- Additional tariff reductions should begin from applied rather than bound rates;
- Elimination or further liberalisation of tariff rate quotas;
- Progressive reduction and ultimate prohibition of all kinds of export supports on primary agricultural products that distort international trade;
- Further substantial reductions in domestic support programs.

BIAC encourages continued OECD work addressing issues relevant to the negotiations including quantitative analysis of the impacts of further trade liberalisation.

Investment

For business, trading and investing are reciprocal strategies for market participation and deployment of resources.

Global provisions for the treatment of foreign investment are essential and inevitable to maximise the benefits of growth in the global marketplace for all countries. At a time when governments everywhere are keen to attract investment, governments should give priority to developing a set of comprehensive rules that will increase market access, provide high standards for investor protection, and open up sectors for investment on a non-discriminatory basis.

A WTO agreement on investment should lock in existing high standards of investor protection, broaden market access, ensure national treatment, and should respect governments’ right to regulate in the public interest.

While a comprehensive agreement on rules for investment in the WTO may take some time to achieve, governments should, at a minimum, seek early agreement to promote transparency, predictability and stability of national rules and regulations governing investment, non-discrimination, and enforcement of existing TRIMs obligations.

Subsequently, WTO rules should be a basis for enhanced market access, protection from expropriation, and redress for the settlement of disputes. In this context, business favours a broad definition of investment including portfolio investment.

The OECD should continue to pursue its analytical work on the relationship between trade and investment, including analysis of existing architectures, drawing upon the lessons and expertise gained through efforts to develop OECD investment instruments.

Trade Facilitation

BIAC believes that trade facilitation, in particular customs facilitation, is a very important issue. Delays caused by inefficient customs and logistics procedures constitute a major non-tariff impediment to trade and a restriction on market access in the expansion of global trade and investment.

Binding WTO rules that build on existing WTO agreements and principles, on recommendations in the revised World Customs Organisation (WCO) Kyoto Convention, and on other specialised agencies, will secure many of the key elements of trade facilitation. Rules will simplify trade procedures, promote internationally agreed standards, and benefit governments and business in all WTO member countries. Modern procedures that promote facilitation will also improve overall customs efficiency increasing capacity to address enforcement missions such as security.

To realise these benefits for all parties, WTO negotiations on trade facilitation should be launched at the upcoming Ministerial regardless of decisions made concerning negotiations on other “Singapore issues.”

BIAC urges OECD to continue analysis demonstrating the advantage of WTO commitments in trade facilitation and urges the OECD and its members to support capacity building efforts for this area under the auspices of the WTO Integrated Programme.

Government Procurement

BIAC reaffirms its support for negotiations to achieve transparency in Government Procurement. Such discipline should apply to both national and subnational procurement, and should apply as well to state-owned enterprises.

By the time of the Seattle Ministerial the WTO Working Group on Transparency in Government Procurement had identified the substantive issues regarding transparency and government procurement, and had reached general agreement on the majority of them. Further progress has been made in the Working Group, both before and after the Doha Ministerial. At Cancun, WTO members should agree to begin negotiations on the basis of that work.

Prior to this meeting, WTO members should prepare a co-ordinated approach to capacity building focused upon the improvement of transparency in government procurement. The substantial progress on this issue should not be forfeited. Negotiations on transparency in government procurement should go forward regardless of the decisions on the other “Singapore issues.”

BIAC encourages continued OECD assessment of the benefits that can accrue to nations through adoption of transparent procedures in the field of government procurement.

WTO Rules

BIAC recommends OECD to analyse the use and effects of anti-dumping and countervailing duty laws, in support of negotiations to clarify and improve these disciplines, while preserving their basic concepts, principles and effectiveness. The aim should be to reduce market-distorting trade practices.

Trade and Environment

BIAC continues to support efforts to clarify the legal relationship between WTO rules and MEAs, recognising that WTO Panel rulings have already produced greater certainty in this area.

BIAC urges that the WTO members adhere closely to the mandate on trade and environment agreed at Doha and resist any effort to broaden that effort. BIAC also favours increased co-ordination and co-operation of trade and environmental issues among international institutions such as OECD, UNEP, UNCTAD, and others.

BIAC opposes any effort to weaken or reopen Article 5.7 of the SPS Agreement or to introduce into the WTO a broader precautionary approach into the WTO, and urges the risk based, sound science standard. BIAC believes that the WTO should, on the basis on non-discriminatory criteria, establish a list of goods that can be considered environmental to negotiate the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services. The work undertaken in the OECD can provide a useful guide. BIAC believes that the “like product” concept should be maintained. We oppose any idea to develop specific product definitions for environmental goods especially if they refer to PPMs.

BIAC recommends that a primary focus of OECD work on trade and environment should be achieving an appropriate balance between securing environmental objectives and preserving the role of the multilateral trading system in driving economic growth.

Competition

With the success of WTO disciplines on border barriers to trade, it is necessary to address public and private actions as well as other non-competitive practices that may impede entry.

With this goal in mind, and a view to enabling consensus necessary to go forward, BIAC supports the work of the WTO Working Group on the Interaction between Trade and Competition to study the issues identified in the Doha Declaration including provisions on hard core cartels; core principles of transparency non-discrimination and procedural fairness; modalities for voluntary co-operation; and capacity building.

BIAC also recommends that the OECD continue to pursue its valuable work on the relationship between trade and competition policy.

Telecommunications and Electronic Commerce

Ensuring infrastructure for e-commerce is key to diffusing innovative technologies that support sustainable growth across all sectors including both services, and more traditional sectors including manufacturing and agriculture.

BIAC recommends four core principles for trade negotiations relating to telecommunications and electronic commerce:

- Promote the development of the domestic and global infrastructure that is necessary to conduct e-commerce while avoiding barriers that would hinder such development;
- Promote full implementation of existing commitments and seek increased liberalisation for all basic telecommunications, value-added and computer and related services;
- Promote the development of trade in goods and services via e-commerce; and
- Promote effective protection for intellectual property made available over digital networks.

More detailed recommendations are presented in the BIAC Statement on “General Industry Objectives for Trade Negotiations and Electronic Commerce,” July 2002 (Annex).

BIAC recommends OECD to continue work related to the “new economy,” addressing the potential for expansion and distribution of benefits brought by innovation to all economies.