

UDENRIGSMINISTERIET

Medlemmerne af Folketingets Europaudvalg
og deres stedfortrædere

Asiatisk Plads 2
DK-1448 København K
Tel. +45 33 92 00 00
Fax +45 32 54 05 33
E-mail: um@um.dk
Telex 31292 ETR DK
Telegr. adr. Etrangeres
Girokonto 300-1806



Bilag
1

Journalnummer
400.C.2-0

Kontor
EUK

18. december 2003

Der har den 15.-16. december 2003 været afholdt møde i WTO's Generelle Råd om fortsættelse af forhandlingerne i Doha-Runden. Mødet svarer til det møde, der forudsås i erklæringen fra ministerkonferencen i Cancún i september 2003. Formanden for Rådet, Peres del Castillo, konstaterede ved afslutningen af de forløbne to dages møde, at medlemmerne generelt havde givet udtryk for at kunne tilslutte sig hovedlinjen i vedlagte udtalelse. Af del Castillos udtalelse fremgår det bl.a., at

- de to uformelle konsultationsrunder gennemført siden Cancún har fundet sted i en positiv atmosfære og vist, at medlemmerne støtter det multilaterale handelssystem og ønsker hurtig genoptagelse af forhandlingerne. Imidlertid er der fortsat for store meningsforskelle til, at det på nuværende tidspunkt kan lade sig gøre at udarbejde et rammedokument for de videre forhandlinger.
- bestræbelserne på at nå til enighed om et rammedokument vil fortsætte i det nye år med fokus på en række centrale spørgsmål på de fire hovedområder: Landbrug, det afrikanske bomuldsinitiativ, markedsadgang for ikke-landbrugsprodukter og Singapore-emnerne.
- den overordnede forhandlingskomité (TNC) samt de otte forhandlingsgrupper reaktiveres i begyndelsen af 2004 efter enighed om nye formænd for de otte forhandlingsgrupper (og de almindelige WTO-organer). Det forventes at være tilfældet, når Det Generelle Råd mødes igen primo februar.

Der vedlægges samtidig en udtalelse fra WTOs generaldirektør Supachai i anledning af mødet i Det Generelle Råd.

General Council Meeting
Monday 15 December 2003
Item 1 – Follow-up to the Cancún Ministerial Conference
Statements by the Chairman of the General Council and the Director-General

Chairman of the General Council

I would now like to make a report on behalf of both myself and the Director-General on the consultations we have been conducting since early October pursuant to the Statement adopted by Ministers at Cancún contained in document WT/MIN(03)/20.

Firstly, let me briefly review the evolution of the consultative process. After our return to Geneva, the Director-General and I conducted an intensive round of consultations with Member Governments, both in Geneva as well as in capitals. In the course of these consultations, as also in our subsequent intensive rounds of consultations on substance, we met with the widest possible range of the membership. As you know, our overall approach to our initial consultations focussed on how to move the process forward and delegations provided us with constructive advice and orientation.

At an informal meeting at the level of Heads of Delegation on 14 October, we reported on these consultations. As you will recall, our assessment was encouraging. We had sensed that there was a willingness on all sides to get back to work in line with the mandate agreed by Ministers at Cancún. Similarly, all delegations continued to support a strong and reinforced multilateral trading system and expressed willingness to engage and show the necessary flexibility in order to get the process back on track. Our statements at that meeting were circulated to Members in document Job(03)/199.

Following the October meeting, we proceeded on the basis of the Ministerial mandate, and the understanding reached at that Heads of Delegation meeting, to take up in turn each of the four key outstanding issues, namely Agriculture, Cotton, Non-Agricultural Market Access and the Singapore Issues. This was done through an intensive series of consultations with individual delegations, regional groupings and other groups, and with non-resident Members during Geneva Week. Throughout this process, a special effort was made to keep everyone informed, in pursuit of the commitment to transparency and inclusiveness that we all share. We made a particular effort to consult regularly with the co-ordinators of various groups so that they in turn could report to their constituencies.

We undertook two intensive rounds of consultations on these four key issues over the past eight weeks. In the first round, our aim was to test the flexibilities of Members and the possibilities for reaching common ground on an appropriate approach to each of the four issues addressed. This was part of a horizontal and integrated process whereby progress on specific issues could contribute to progress across the board. These consultations were positive and showed that there was a sense of engagement on all sides.

At a second informal Heads of Delegation meeting on 18 November, I reported that there had been positive steps in rebuilding the necessary trust and confidence among Members, which were essential ingredients to move the process forward. I suggested that the continuing sense of engagement on all sides would allow us to move on to a second round of consultations on the four issues, which would be more substantive and detailed in order to test the commitment and flexibility of each and every delegation so as to be able to determine whether there were any genuine

possibilities for reaching common ground. This report was circulated in Job(03)/212 together with the Director-General's report on his contacts with Ministers, which was also a key element in this process.

On 9 December, we convened a further informal Heads of Delegation meeting to report on the second round of consultations. On that occasion, I also outlined my intentions for my report to this meeting of the General Council and the Director-General offered his observations on recent developments. Our statements were circulated in Job(03)/221.

To sum up the consultations overall, I would say that both rounds were conducted in a constructive spirit and a good atmosphere. Delegations largely avoided general statements and we explored key issues on the four subjects. However, as we went deeper into substance in the second round, the persisting difficulties became more apparent.

On the positive side, much effort has been put in and we have come a long way from Cancún in a short time. Members have been prepared to enter into substance and we have had interactive exchanges on substantive issues. I have put to delegations a number of key questions as well as some proposals, which have been addressed seriously. There has been progress in a number of areas, and clarification on some important aspects, which for me as Chair has given a clearer sense of possible ways forward. There is a strong sense of commitment to the multilateral trading system and the Doha Development Agenda (DDA), and also of willingness to move forward. I understand that this feeling has also come through very clearly in the Director-General's recent contacts with Ministers.

On the negative side, we have witnessed little real negotiation, or movement towards accommodation among positions, or searching for common ground, with some limited but welcome exceptions. Gaps remain wide, not only among positions but also, and this must be cause for concern, between generalized statements of commitment, engagement and flexibility on the one hand, and any concrete manifestation of those statements in negotiating positions on the other. Many delegations have noted that there does not seem to be a sense of urgency, and I would agree with them.

I would now like to identify what we see as the key issues for further work in each of the four areas. Before doing so, I must stress that the initial focus on these four key issues, as agreed at our meeting on 14 October, in no way lessens the importance of the other issues within the DDA. I think it is clear to everyone that certain other outstanding issues will also need to be addressed. While we should not lose sight of the important development dimension of the four key issues which have been the focus of our work since Cancún, there are a number of other specific development-related issues in the DDA. In our consultations, many delegations have emphasized the importance of these issues, and we clearly need to give them full attention next year, in line with the Doha mandates.

Let me now turn to Agriculture. In this area, as in all others, it is clear that we are working to fully implement the Doha mandate for these negotiations, which is in fact what the Ministers reaffirmed in their Cancún Statement. Our consultations underlined both the important central role this issue has in the DDA and the large amount of work we will have to do in order to bridge positions here. We are all aware that positive results on agriculture will have positive implications in other areas.

The consultations took as their effective starting point the Derbez text. The elements and the structure of that document seem to be generally acceptable, while of course divergences remain on key points of substance.

In the consultations, we have identified the key issues in this area of work and I sincerely believe that we can make progress here in the early part of next year, if Members focus and give priority attention to them, and show the necessary flexibility to accommodate other Members' views and look for common ground.

The specific issues identified refer to the three pillars and should be tackled in parallel.

With regard to **domestic support** there is recognition that one of the aims of multilateral negotiations should be to support and provide incentives for the expansion of domestic reforms that move from more distorting to less distorting forms of support and which result in lower levels of overall support. It follows therefore that in revisiting the Derbez text and in keeping with the Doha mandate, the more trade-distorting measures should be the focus of greater reductions. As a result, my suggestion would be that we should aim for very substantial reductions of the total AMS or even contemplate its total phasing out over a timeframe to be negotiated. The Blue Box, which is at present unlimited, should be capped at a level to be negotiated, and could thereafter be subject to reduction commitments. With regard to the Green Box, my reading of the consultations is that the current Derbez text is reasonable and should be kept as such, at this framework stage of the negotiations.

On **market access**, the notion of a common approach for both developed and developing countries seems now to be gaining ground, while acknowledging of course, that the formula would have to incorporate a clear differentiation through special and differential treatment, in order to take care of the development, food security and/or livelihood security needs of developing countries. The blended formula suggested in the Derbez text has been the subject of concerns by a number of developing countries and further work is obviously needed on this or other formulas, in order to ensure that all Members will have to share the burden of tariff reductions, but that developing countries will not be called upon to assume a disproportionate part. Providing we make progress on the other two pillars, I am hopeful that common ground will also be found with regard to market access.

On **export competition**, my reading of the situation is that there is general acceptance that the commitments regarding reductions or elimination will apply to all forms of unfair export competition, and the Derbez text seems to be an acceptable basis for an eventual agreement, at the framework stage. The key outstanding issue is the end date for the phasing out of export subsidies for all agricultural products contemplated in paragraph 3.6 of the Derbez text. I have stated it before and I repeat it today, that I feel this commitment to the elimination of all forms of export subsidies is a must for these negotiations to be successful, although I am aware of the difficulties that some Members may have at present to make definitive commitments to that effect.

The process of consultations has been useful and I sense that progress has been made. What we need is to find some wording that will imply an agreed sense of commitment towards that goal, although at the framework stage, we do not need to specify an end date. This could remain in brackets to be negotiated as part of the modalities for agricultural negotiations.

Finally, on **Special and Differential treatment for developing countries**, the consultations have shown a general acceptance of the concepts reflected in this context in the Derbez text, although some further work will be required to define more clearly the specific measures and to finalize the details. It is clear that the concepts of Special Products and the Special Safeguard Mechanism for developing countries, under conditions and for products to be determined, have now become part of the approach in this area of the negotiations.

I am aware that I have not mentioned a few other highly sensitive issues which are currently contained in the Derbez text, and which were the subject of divergent views during the consultations. My reasoning is that if we can make progress on the key issues I have just identified, these other issues will be brought along with that process or may finally sort themselves out.

Moving on now to Cotton, I would say that the consultations held by the Director-General and myself, as well as the consultations by Deputy Director-General Rana, have been useful in clarifying the range of issues at stake here.

Although there are outstanding issues to be addressed, I believe we have made progress. We now have more clarity on the outlines for a meaningful direction that needs to be further pursued in subsequent consultations. We now know that further work will need to be pursued along three inter-related tracks, namely procedure; trade-related substance; and, development-related issues, including financial and technical assistance. In all three areas, we have had some good discussions and have identified the main issues.

I am sure that everyone is committed to finding a positive response to the Cotton Initiative and to develop a collective sense of the way forward. In view of the divergent positions on the procedural issue of whether to take up Cotton on a stand-alone basis or within the broader agricultural negotiations, I suggest we should try to avoid getting bogged down now on this question. I believe if we can make progress on substance, the procedural issue will tend to resolve itself at an appropriate time. In continuing work on this issue, I urge delegations to focus on practical responses, since this is what counts in the final analysis.

Our discussions on the trade-related aspects were particularly useful. I think we now have greater clarity on the use of the different boxes with regard to domestic support in respect of cotton, which seems to be the major trade policy instrument affecting this sector. It would appear that the role of direct export subsidies in distorting the market for cotton may be minimal, but the effects of other forms of subsidization may need further discussion. The point has also been made that we should consider the role that market access has to play in this area.

Our discussion on the development-related aspects indicated that financial and technical assistance will be an essential part of an overall response to the Cotton Initiative. The development aspect of the Initiative was emphasised by many developing countries. Focussed discussions revolved around three broad elements. First, the extent of WTO competence for financial and technical assistance; second, types of cotton-specific development programmes or projects; and third, providers of financial and technical assistance.

While the urgency of finding sustainable solutions to the cotton issue is widely recognized, we should bear in mind that multilateral negotiations require time. In this context, I would suggest that identifying specific development support measures that could be implemented in a shorter timeframe could be of great assistance. Subsequent work on this aspect of the Initiative will need to further explore the opportunities for financial and technical assistance from bilateral sources, from multilateral institutions, and the implementation of the Integrated Framework for LDCs.

On Non-Agricultural Market Access (NAMA), we followed an approach similar to Agriculture, using the Derbez text as a starting point. In our consultations, there was broad recognition that this text had the appropriate structure and contained the necessary elements for a framework on modalities.

It was also emphasized by a number of delegations that this text had been carefully drafted, and that change in one direction would upset the balance and require corresponding change in the other. This was especially the case for paragraphs 3 and 6 of the text, concerning the formula and the defining elements of a sectoral component.

As for the formula, there is general acceptance that a formula type approach should be the key element to the modalities for NAMA. While there is no agreement yet on the specific formula to be used, it is clear that it should fully respect the Doha mandate. Concerning the sectoral component, there has been much discussion on this aspect of tariff liberalization as well. The key issue here relates to the mandatory versus the voluntary nature of sectoral negotiations, and whether sectoral negotiations are to be viewed as a core or supplementary modality. Clearly there is a lot of work to be done on the outstanding issues as to defining product coverage, participation, and adequate provisions of flexibility for developing-country participants. There is no consensus today on these two key

issues, but it will be important to further define these elements as the negotiations continue, as they will most likely be the main elements that will determine tariff liberalization in NAMA.

As the consultations progressed, many delegations also emphasized paragraph 7 and what they saw as a linkage to the two paragraphs I just mentioned, basically due to matters of specificity in the text. My understanding is that the basic principles contained therein – flexibilities for developing countries – is not disputed, but rather the precision of the language is a source of concern for a number of delegations. In the view of some, this paragraph gives too much flexibility, while in the view of others it is too constraining. Moreover, certain delegations feel that an anomalous situation has been created whereby exceptions are specified even before the core modality has been defined.

My suggestion would be that, since these major issues with respect to paragraphs 3, 6 and 7 are unlikely to be solved at the framework stage, we aim at finding some wording that will give a sense of direction, a level of comfort to all sides and not prejudge the outcome, leaving the details to be negotiated at the subsequent modalities stage.

Of course, the points I have just raised are without prejudice to the text in its entirety, and there are clearly delegations who have interests and concerns with other parts of the framework as well, but my intention was to highlight the key areas that I believe should be addressed with priority as we move ahead, because once these matters reach broad consensus, the other elements should fall into place more easily. Thus, I hope delegations can build on our consultations and continue to address these matters in NAMA with priority in the months ahead.

Finally, let me report on our work on the Singapore Issues. During our consultations, a number of different proposals on how to deal with them were put forward, including one by myself. These were the subject of debate but not consensus. Looking ahead, I believe we can build on the general acceptance of unbundling these issues – that is to say, treating each of them on its own merits. On this basis, I suggest that it seems appropriate to continue with the work we have already started on exploring possible modalities for two of these issues, Trade Facilitation and Transparency in Government Procurement, without prejudice to the eventual outcome. What treatment, if any, the other two issues might receive in the future is a matter for further reflection at some appropriate time.

Let me now turn to the third part of the report – arrangements for further work on these and other issues. I believe it is necessary that all of the DDA bodies should resume their work early next year – presumably once the Chairmanship issue is settled – to build on the elements that have emerged in our work, both at and since Cancún. The Trade Negotiations Committee (TNC), too, should be reactivated to carry out its Doha mandate to supervise the progress and overall conduct of the negotiations.

I firmly believe that it is now essential to reactivate all of these bodies in order to ensure the transparency and inclusiveness to which we are all committed. Many delegations have endorsed this point in our consultations. Furthermore, restarting all the bodies dealing with the different aspects of the Doha agenda will enable us to give renewed momentum to the work that has been suspended since Cancún, and especially to the development dimension of the Round.

Restarting the work in the negotiating groups and other bodies does not in any way mean losing an overview of the process, or a sense of the horizontal integration of issues, which in my view, remains an essential ingredient for success. The TNC has such a role. Furthermore, I am sure that my successor as Council Chair, together with the DG, will continue to maintain oversight of those aspects of the DDA which fall outside the TNC's mandate. Some of these issues will require further consultations on how to take them forward and there have been a number of suggestions during the consultations which may be worth exploring at the appropriate time. At TNC and General Council level, further consideration will also no doubt need to be given to objectives and benchmarks for the work in 2004.

You can be sure I will continue to do my duty to the utmost right up until I step down as Chair, and I know the DG is equally fully committed. We will of course make the most of any possible opening for progress in the four areas covered by our recent consultations, and across the board.

To conclude, in my view we have reached a point where the key issues are much clearer and where possible solutions are also becoming visible. However, moving on to grasp those solutions will require intensive negotiations backed by political determination and willingness to make the necessary compromises. This is what has been lacking in this process so far, and what is urgently needed in the weeks and months ahead.

From my perspective, the message is that we have made progress towards getting the Round back on track, and there is a firm commitment to do so by all Members. However, we are not yet there. There is unfinished business that must be taken care of. I believe we still have before us a window of opportunity early next year which could allow us to move further forward. We need to use it to the fullest.

Director-General

I should like first of all to pay tribute to you, Mr. Chairman, for the Herculean task that you have performed not just in the last couple of months but throughout your Chairmanship of the General Council this year. We could not have asked more from a Chairman and no one could have done more. The report you have just given, Mr. Chairman, represents our joint view and so there is not much I need to add.

Let me recall, first of all, as an interesting footnote, that 15 December 2003 is the tenth anniversary of the TNC meeting which effectively concluded the Uruguay Round. Our collective aim for today, as instructed by Ministers at Cancún, was to arrive at a point where the negotiations can resume full momentum. We are not yet at this point but we should **not** be disheartened. Overall, I would still say that in the relatively short period of two years since the Round was launched in November 2001, much good work has been accomplished. Of course, differences remain on key points of substance, but considerable progress has been made in all areas and we have come a long way since Doha. We do not, however, need to look all the way back to Doha to see progress. Even if we take Cancún as our more recent point of departure, thanks to the large amount of work that has been done, I believe we now have a much clearer grasp of the remaining differences and of the solutions needed to bridge them.

Since the last Heads of Delegation meeting on 9 December, I have continued with my intensive programme of contacts with Ministers in capitals and elsewhere. As you mentioned, Mr. Chairman, my efforts in this respect has been designed to complement your own efforts in Geneva.

I come away from these contacts with the deep impression that there continues to be a strong willingness and determination to move the Doha Development Agenda forward.

In the last couple of months I have met with Ministers in Asia, Africa, Central America, the Caribbean and South America. I have also seen many other Ministers as they pass through Geneva and I have also spoken to quite a number by telephone. As I have reported previously, every Minister I have spoken to wants to see progress. They have also expressed a recognition of the need for flexibility in order to achieve this progress. The message that I have received from Ministers has been clear, consistent and encouraging. They are all committed to the multilateral trading system. They do not want the DDA to be sidelined or neglected and are willing to resume the negotiations at the earliest opportunity on the basis of the Derbez text.

If we are to inject renewed vitality into our negotiations here in Geneva, I believe it is vitally important that we keep the genuine willingness and desire of Ministers to move the DDA forward firmly in mind. Let me briefly recall, in this regard, some elements of what they have said.

In Bangkok, APEC Ministers called on all WTO Members to quickly re-energise the negotiations by building on Chairman Derbez's text of 13 September, recognizing that flexibility and political will from all are urgently needed. In Cairo, a gathering of Ministers of a dozen African countries expressed their determination and desire that our negotiations regain momentum at the earliest possible time. I was particularly impressed in Cairo that Ministers were prepared to show flexibility by setting aside specific problems with the Derbez text and to use it as a general starting point for our ongoing work.

In Honduras, Trade Ministers from Central America and Mexico expressed a strong and unanimous desire for an early resumption of the negotiations on the basis of the Derbez text. Directly following the meeting in Honduras, Caribbean Trade Ministers met in Guyana and showed their commitment to reviving the negotiations and their willingness to show flexibility. In their deliberations, these Ministers also agreed that the Derbez text could be the basis for restarting the negotiations. They expressed as well their willingness to consider different options in areas where they have difficulties.

I have just come back from the meeting between the G-20 and the EU in Brasilia. Others would have their comments to make but I have to say that my personal impressions are that the meeting was very positive. I came away with a clear impression of genuine engagement on key issues. There was frank and constructive discussions, in particular, in the area of agriculture. I am deeply encouraged that Ministers are in negotiating mode, going into detailed discussion of the various aspects of the agriculture package. In order to achieve real and substantive progress, it is important that we, here in Geneva, complement their efforts.

Let me also report that I have just received a letter from the Commonwealth Secretary-General conveying the Aso Rock Statement on Multilateral Trade issued by the recent Summit of Heads of Government of the Commonwealth in Abuja, Nigeria. In its statement, Commonwealth Heads of Government called for an immediate re-engagement by all concerned and urged all to show flexibility and the political courage necessary to deliver a balanced Round. I find it particularly encouraging that such a diverse group of countries at all levels of development and of various sizes were able to agree on such a clear and strong statement of support.

To conclude, our engagement over the last couple of months has shown full support and commitment to the multilateral process and a shared will to get back on track. This should not be underestimated. As I have said on previous occasions, I am deeply encouraged by the strong sense of continuing personal involvement which Ministers evidently feel and the growing political support for putting the Round firmly back on track.

I fully share the assessment of the Chairman that the time has come to reactivate the work in the negotiating groups and other bodies. We will also no doubt need to give further consideration to objectives and possible benchmarks for the work in 2004. However, in order to move ahead and to seize the window of opportunity that lies in front of us we will need delegations to translate the political will and support of Ministers into practical flexibilities. Reactivating the negotiating groups and other bodies will not automatically translate into further progress, unless delegations engage constructively and show a genuine willingness to negotiate. Our collective task is indeed to find that elusive link between political will and concrete progress. I believe we are up to the challenge and I assure you of my full commitment, as Director-General and also in my capacity as TNC Chair, to do all that is necessary to work with you to find the needed compromises.