



European Economic and Social Committee

REX/112

Brussels, 17 July 2003

OPINION

of the European Economic and Social Committee

on the

Preparation of the 5th WTO Ministerial Conference



On 18 July 2002 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on the

Preparation of the 5th WTO Ministerial Conference.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 24 June 2003. The rapporteur was **Mr Vever**.

At its 401st plenary session (meeting of 17 July 2003), the European Economic and Social Committee adopted the following opinion by 46 votes to two with 26 abstentions.

1. Summary

1.1 The 5th WTO Ministerial Conference in Cancun (Mexico) on 10-14 September 2003 will carry out a mid-term review of the Doha Development Agenda. It is going to play a decisive role in the completion of negotiations by the end of 2004. The conclusion of these negotiations should not mean a lower common denominator for the Member States, but should rest on a sustainable consensus that is commensurate with the issues at stake. The success of the Cancun conference is particularly necessary in the present circumstances in order to:

- revive economic growth, which has fallen sharply since Doha,
- bolster investor confidence, which has been shaken by the ongoing stock market and financial crisis,
- improve the general climate, which is still dominated by international security concerns and the war on terrorism,
- provide a more solid and wide-ranging overview of the issues at stake and progress made with regard to economic openness and development, thereby transcending the approaches adopted in technical and detailed negotiations,
- make more effective progress in the support of developing countries at a time when economic, budgetary and social problems have continued to worsen in many of these countries.

1.2 The situation in the run-up to this conference is contrasting: Member States have played quite an active part in preparations, and certain interim deadlines set in the Doha Agenda have led to the submission of work programmes (differential treatment, implementation), but elsewhere deadlines have been missed (health, intellectual property). Delays have thwarted the initial plan to achieve a balance between the three main areas of negotiations (services, goods and agriculture) by the start of 2003 by means of mutual concessions. Accordingly, positions still remain quite a long way apart on a number of questions.

1.3 If negotiations are to receive a new decisive fillip at the Cancun Conference, the Committee thinks that all parties must feel that an overall and dynamic balance – borne out by impact

assessments and proportionality tests - has been attained with regard to market access, with in particular:

- the gradual liberalisation of services, while continuing to keep public services outside the scope of the negotiations,
- likewise the gradual opening-up of agricultural markets, which matches the ongoing and planned actions to reform the EU's common agricultural policy,
- a balanced and fair scheme – involving all Member States - for reducing tariffs for industrial products (including the eradication of tariff peaks).

1.4 The Committee would also underline the importance of obtaining the following at the conference:

- a significant reduction in non-tariff barriers, with more transparency in the field of government procurement,
- an agreement on foreign direct investment, helping to initiate harmonisation of the various bilateral agreements,
- more appropriate and effective anti-dumping and anti-subsidy provisions,
- progress in making allowance for environmental protection, with effective impact indicators.

1.5 The Committee points out the key importance of development for the success of the Doha Agenda. This presupposes in particular:

- real progress in launching the work programme which has been agreed on to facilitate the implementation of commitments, by way of the special and differential treatment of developing countries,
- greater clarification of developing countries' situations and categories, by making a clearer distinction between countries which lag behind persistently and countries which already enjoy the benefits of an emerging economy,
- effective support for administrative capacity building in the least developed countries.

1.6 The Committee also reiterates the importance which it continues to attach to progress in the field of fundamental social rights, which cannot be called into question for the sake of the development issues at stake. Even if these matters remain outside the scope of the Doha Agenda negotiations, the Committee

- supports the ILO initiatives in this field, in particular the work of its group on the social aspects of globalisation,
- underlines the importance of the ILO being granted the status of permanent observer to the WTO.

1.7 The Committee renews its support for the improvement of WTO procedures, as proposed in its recent opinion entitled For a WTO with a human face. This includes the need to find

as far as possible alternative dispute settlement solutions that do not penalise enterprises and other parties on which sanctions have not been imposed.

1.8 Finally the Committee invites the various civil society players (businessmen, socio-occupational organisations, social partners, NGOs) to take steps to:

- participate in information campaigns about the issues at stake in the Doha Agenda,
- organise international meetings, at a cross-sectoral level or within sectors of activity,
- contribute through their assessments, proposals and participation, to the success of sustainable development worldwide.

1.9 The Committee will take part in these initiatives. Before the conclusion of the Doha Round at the end of 2004, it will present operational proposals for improving participatory democracy by involving organised civil society in the WTO's activities. These proposals will be the result of joint deliberations with its partners in the European Union and in non-EU countries.

2. The outlook for the Doha Development Agenda (DDA)

2.1 The Ministerial Declaration issued at the end of the 4th Ministerial Conference in Doha, which was held from 9 to 14 November 2001, set out a work programme which is due to be completed by 1 January 2005 at the latest. However, an important mid-term review is to take place at the 5th Ministerial Conference in Cancun (Mexico) from 10 to 14 September 2003. In Cancun a decision will be taken on whether to pursue the current negotiations and launch the Singapore package. A real hurdle will therefore have to be overcome at the conference.

2.2 The Doha Ministerial Declaration attempts to bring together in one single instrument a series of requests from States (or groups of States) which wish the WTO to move in different directions. However, priority is given to one subject – development – in response to the demands of one group of countries, viz. the developing countries including first and foremost the least developed countries. This priority has undoubtedly been accentuated since the Monterrey and Johannesburg Conferences, which placed somewhat more emphasis on the development side of globalisation.

2.3 However, this subject can be approached in a variety of ways which other members or groups of States such as the industrialised countries find acceptable to a greater or lesser extent:

2.3.1 firstly, renegotiation of all or some of the disciplines agreed on after the preceding Uruguay Round, on the grounds that these negotiations were detrimental to developing countries;

2.3.2 secondly, technical assistance and cooperation plus (administrative) capacity building in these same countries, so as to help them meet their WTO obligations;

2.3.3 thirdly, special and differential treatment or - to put it another way – asymmetry of obligations in all fields dealt with by the Doha Development Agenda (DDA) starting with access to

the markets in industrialised products, agricultural products and services and not forgetting the old rules and disciplines (though these are to be improved) or the new ones (investment, competition, etc.).

2.4 Apart from the developing countries' demands, the DDA must also do justice to the priority demands of other categories of countries:

2.4.1 access to the market in agricultural and industrial goods as well as services (United States – Cairns – European Union, though this is also a problem for developing countries);

2.4.2 new controls on international trade and financial transfers (European Union certainly, but also many other states, as the February 2003 Tokyo Ministerial showed);

2.4.3 the need to take account of the non-trade dimension of international trade – cf. the environment (European Union and civil societies).

2.5 In order to attempt to satisfy all these demands – which, if not contradictory, are at least heterogeneous – multiple rendez-vous clauses have been laid down:

2.5.1 end of 2002: implementation and public health in relation to intellectual property;

2.5.2 spring 2003: the various accesses to the markets;

2.5.3 September 2003: Cancun Ministerial Conference (Mexico), search for a consensus on negotiation of the Singapore subjects (investment, competition, trade facilitation, government procurement).

2.6 In previous opinions¹, the EESC constantly called for a balanced approach to the WTO negotiations. In the run-up to Cancun, it must tell negotiators how it thinks negotiations could be balanced in both general and specific terms and do justice to:

2.6.1 the preferences of all parties;

2.6.2 the interests of the different categories of members, including first and foremost the least developed countries and the real developing countries;

2.6.3 the improvements in commercial and financial flows which should be brought about not only between North and South but also between South and South.

¹

Opinion on The preparation of the 4th WTO Ministerial Conference, rapporteur: **Mr Vever** (OJ C 36 of 8.2.2002)

Information Report CESE 326/2001 of 7.6.2001 on Coping with globalisation – the only option for the most vulnerable, rapporteur: **Mr Baeza**

Opinion on Human rights in the workplace, rapporteur: **Mr Putzhammer**, co-rapporteur: **Mr Gafo Fernández** (OJ C 260 of 17.9.2001)

2.7 The current situation, which is marked by uncertainties, regional economic and financial crises and reductions in trade and foreign investment, demands more than ever that the international environment be stabilised. This is once again the challenge facing Cancun.

2.8 In addition, Doha, Monterrey and Johannesburg have put the spotlight once again on the need to take account of development, whose sustainable and social dimension is itself now under discussion more than ever before. Also – and this is something which undoubtedly has not been done properly since Doha - the progress made in this area will have to be measured more thoroughly, either within the framework of the WTO or another international institution. This is central to the development issue and underlines the importance of concluding the Doha Round and, to this end, overcoming the divides separating the frequently short-term interests of States so that better account is taken of the long-term interests of all parties.

2.9 Concessions and compromises will be required to achieve this. In the WTO negotiations the European Union is defending

- not only its future economic growth, its active strategies for winning foreign markets, its technological advances, the protection of its consumers and the jobs of its inhabitants,
- but also a sustainable development process which meets the justified demands of both developing countries and industrialised countries and, more especially, their civil societies.

2.10 The overall framework laid down within the WTO – no matter how balanced it may be – will undoubtedly not suffice to satisfy all the legitimate expectations of all sides. Thus, headway must also be made in parallel in other international bodies – IFI, UNDP, ILO – to find solutions to a number of fundamental problems relating to the environment, living and working conditions and the fight against underdevelopment. To this end, the Union is proposing in each area of negotiations a compromise which is likely to win the support of a maximum number of WTO members, plus a very substantial development package.

2.11 It is the duty of the European Union to also be the driving force behind such actions and, if need be, to set an example. The current international political tensions make these actions necessary. The Economic and Social Committee must define the main thrust of such actions for the benefit of national, Community and international decision-makers.

2.12 The success of the Doha Development Agenda depends on the success of the Cancun Conference, which is particularly necessary in the current circumstances in order to:

- revive international economic growth, which has fallen sharply since Doha;
- bolster investor confidence, which has been severely shaken by the ongoing stock market and financial crisis;
- improve the general climate, which ever since the September 11 attacks has been dominated by international security concerns and the war on terrorism;

- provide a more solid, profound and wide-ranging overview of economic openness and development that transcends the approaches adopted in technical and detailed negotiations;
- do more to further development at a time when economic, budgetary and social problems have continued to worsen in many developing countries.

3. The state of play in the run-up to the Cancun Ministerial Conference

3.1 2003 will be vital for the success of the Round.

3.1.1 On the one hand, preparations have so far made satisfactory progress, with Member States playing quite an active part. Thus, a clear interest is being shown in the DDA by players as diverse as China, Brazil, India, Africa and the ACP countries plus, of course the United States itself. Furthermore, at the moment, the chairmen of the different negotiating groups have received a significant number of contributions which should allow them in due course to draw up single texts for negotiation:

3.1.1.1 Following the issuing of a specific mandate to the Trade Promotion Authority by Congress, the United States has frequently made its views known very forcefully, both when it has been on the offensive (access to markets) and when it has been on the defensive (the various trade policy instruments).

3.1.1.2 The People's Republic of China, Brazil and India are playing important role in all areas of negotiation, very often defending the interests of emerging countries and developing countries which have been skilfully merged.

3.1.1.3 African countries and the ACP countries play a more important role than in the previous Round, and emphasise a number of issues which are particularly dear to them: implementation, special and differential treatment, essential medicines, access to the various markets.

3.1.1.4 Generally, the dynamic involvement of developing countries in the DDA is not in any way synonymous with unfailing agreement; with regard to certain issues dear to industrialised countries, they can provide selective support and hence help break the deadlock. In addition, in other areas of negotiation a trade-off is conceivable, e.g. international trade in services, government procurement with safeguard provisions.

3.1.1.5 Other more traditional issues are also the subject of bitter negotiations: agriculture – the cornerstone of the Doha agenda – customs duties, and anti-dumping.

3.1.2 However, there are still a number of topics in which members must become actively involved, otherwise negotiations are in danger of ending in stalemate. Examples include the transparency of government procurement and, more generally, the so-called Singapore subjects (investment, competition, trade facilitation, government procurement).

3.1.3 In addition, the ambiguities underlying the Doha compromise are bound to resurface throughout the year and will need to be solved straight away if possible (i.e. before Cancun), though this does not rule out the Cancun conference itself devoting the whole of its agenda to these matters. In this case, Cancun would be a recast of the Doha agreement. Thus, at the moment, there are a number of extreme positions which are still far removed from each other and which depart from the middle ground that the Doha agreement seemed to have established in the following areas:

- agriculture;
- access to the markets in goods;
- implementation (for the benefit of developing countries);
- trade policy instruments;
- the "Singapore" subjects.

3.2 At the moment everything seems to indicate that members have been pushing up the bidding with regard to their preferences, thereby putting off agreed deadlines.

3.2.1 Thus, one major December 2002 deadline has not been honoured. It had been agreed that priority would be given to meeting two of the main demands of developing countries and the least developed countries by then, viz.:

- essential medicines and intellectual property;
- implementation, i.e. the granting of solutions which match their level of development in close on one hundred fields.

3.2.2 In the former case, the United States has adopted an intransigent attitude which has thwarted the search for a balanced solution. The overall impression is that the opposing factions have been wanting to up the bidding and defer the moment when possible concessions could be offered by both sides under the best possible conditions.

3.2.3 In the latter case, a work programme has been proposed on the subject of special and differential treatment, with a hundred or so proposals.

3.2.4 The delay on health issues has thwarted the idea put forward at the Doha Ministerial Conference that the arrangements for the negotiation of the three market access packages (products, services and goods) should be laid down simultaneously, i.e. by spring 2003, so that a balance could be struck between the total value of the concessions granted.

3.2.5 However, it is common knowledge that the situations to date regarding negotiations in these three categories do not tally:

- in the case of services, the Community offer has not been matched by a real quid pro quo from its partners,

- in the case of goods, a compromise is feasible based on a general package covering all products and all countries - adjusted where necessary by additional sectoral negotiations and, on the sidelines, by requests and offers; the Girard proposal takes this line, but the asymmetrical retention of high and lasting levels of protection for some developing countries poses a problem,
- in the case of agriculture, some progress has been made in the negotiations but market access is the major problem; the Harbinson proposal does not come up to the expectations of the various States to a sufficient extent to be able to provide a basis for consensus.

3.2.6 This is bound to slow down the negotiating process as a whole, since the members which are not satisfied with the agricultural package will no longer propose concessions in the fields of goods and/or services until further concessions are forthcoming in agriculture and, on the other hand, the EU is not happy with regard to services, which will not help it to make any major progress in the field of agriculture.

3.3 Hence the need to use Cancun to make a decisive fresh start in negotiations on a basis which is regarded by all sides as being balanced. Better use of impact assessments and proportionality tests should help matters.

4. The Committee's recommendations for the Ministerial Conference

4.1 The Committee's recommendations take particular account of the discussions held at the two hearings on the preparations for Cancun which it held on 9 April and 26 May with representatives of European socio-occupational organisations and NGOs. In presenting these recommendations, the Committee would stress how the WTO must continue to play a central role in the long-term governance at world level of international economic relations, with due regard to its beneficial effect on sustainable development.

4.2 Nothing can be achieved within the framework of the DDA, as in the case of the Uruguay Round, without the binding force of a single undertaking, which must be taken into account in full by all participants. This principle cannot be ignored if the negotiations are to succeed. Overall progress on all the subjects discussed will also make it possible to strike a balance in each area of negotiation.

Overall balance in market access

4.3 Since the Uruguay Round, the WTO has adopted an overall view with regard to opening up markets and regulating trade. It could even be affirmed from looking at this institution's work in the long term, that the WTO is moving towards a unified approach towards trade. The idea is that, ultimately, practically identical rules will be laid down for trade in goods, services and agricultural products, with the specific rules for each of these categories being reduced to a minimum. This is where the DDA has to face its thorniest political problem, for voices are legitimately calling

for the preservation of the practices that underpin this need for specific rules in States. This is why the EESC recommends that the WTO should not forget such considerations.

4.3.1 This applies first of all to services, the treatment of which requires gradual liberalisation that takes account of:

- the capacities of the importing States or States in receipt of foreign investment,
- development needs, the realisation of which may be greatly helped by the opening-up of international trade in services,
- the international expansion needs (exports, investments, staff movements) of service enterprises,
- difficulties which may arise momentarily in a particular sector in a WTO member country,
- questions relating to temporary service provision in another WTO member country (mode 4); these questions are already covered by joint single market provisions and are the subject of an exploratory opinion which the Committee is preparing at the request of the Commission,
- in the case of financial services, issues relating to security and the fight against terrorism and money laundering,
- the need to continue to keep public services outside the scope of negotiations, in accordance with the mandate agreed between WTO member countries. This exclusion should not, however, dissuade the EU from pressing ahead with the opening-up in progress within the Community or even from envisaging the possibility at some point in the future of public services with a truly European dimension being established in areas where there is good reason for doing so.

4.3.2 The EU's strategic offensive is dictated by its already highly liberalised common market in services (even if the opening-up of markets within the Community continues to face numerous delays, despite the strategic programme which the Commission has been trying to press ahead with for two years): the progress already made requires that Community economic operators benefit, especially in industrialised and intermediate countries, from EU-style open markets, wherever possible.

4.3.3 In addition, for obvious reasons to do with equal competition and the refinement of market opening, it is vital to establish a body of rules based on the alignment of domestic regulations, competition, investment, government procurement and possible instruments for the temporary and degressive regulation of imports.

4.3.4 Finally, for reasons relating to the particular features of pan-European practices, there is a case for:

- not opening up the Community market to the foreign providers of traditional public services,
- looking for a sensible way of facilitating the temporary movement of physical persons, i.e. a way which excludes the circumvention of the provisions on immigration adopted by the European Union.

4.4 In the field of agriculture, the WTO, while encouraging some market liberalisation, should not be seeking in the EESC's opinion to

- speed up ongoing and planned actions regarding the reform of the EU's common agricultural policy,
- call into question the competitiveness of European agriculture, which makes a huge contribution to satisfying needs worldwide as the main importer and exporter in the world,
- copy the reform which is the subject of the DDA negotiations from a model inspired by countries which occupy a separate place in the world (Cairns: Australia and New Zealand),
- disregard the need to retain specific rules in the agricultural sector, in particular in order to give the sector the means to fulfil its multifunctional role and to help keep WTO member countries' domestic markets in balance,
- or finally, ignore non-trade-related concerns when trade concessions are negotiated.

Thus, a dynamic balance ought to be obtained that takes account – as agricultural markets are increasingly opened up – of developing countries' need to increase exports and of the objectives of the EU's common agricultural policy reform, thereby leading to enhanced competitiveness on world markets while at the same time retaining a European rural model based on a multifunctional agricultural sector.

4.4.1 Once the sensible aim of eliminating the most clear-cut trade distortions has been achieved worldwide within a reasonable timeframe and bearing in mind the political and social feasibility of these policies in the Member States, it would appear necessary for the WTO to maintain its measured approach to sustainable social, economic and agricultural development.

4.4.2 The task of the WTO is sufficiently ambitious with regard to the distortional aspects of certain agricultural policies for it to devote itself entirely to this matter:

- alignment of export conditions and all forms of support in this field,
- establishment of a timetable and realistic procedures for access to markets in agricultural products,
- choice of means for domestic support, which should not distort international competition.

4.5 With regard to goods, the EESC thinks that the conflicts of interest between the various parties could be reconciled. This could be done first and foremost on the basis of a compromise comprising:

- a balanced and fair scheme – involving all Member States - for reducing tariffs,

- plus complementary action to regulate sensitive sectors; and the reciprocal opening of markets in this area,
- enactment of legislation in a number of areas in advance of liberalisation, where it would be appropriate to go further than the formula insofar as a critical mass (80% of world trade for example) could be attained (e.g. chemicals, pharmaceuticals).

4.5.1 The situation of developing countries can be taken into consideration in a number of ways:

- greater opening of markets in the countries of the Northern hemisphere,
- growth in South-South trade,
- guarantee of the perpetuity of preferential systems, thereby facilitating North/South forms of cooperation which are particularly suited to co-development,
- different coefficients for reducing tariffs in developing countries and industrialised countries – a formula which may, however, also have drawbacks,
- implementation of these reductions over longer periods.

4.5.2 In the particular case of the EU, the international development of Community industry involves a number of requirements:

- eradication of tariff peaks,
- major increase in the scope of consolidations, with the aim of considerably narrowing the gap between consolidated and applied rates and offering developing countries the chance of being granted longer transitional periods.

4.5.3 In addition, the EU and its industry urgently need a reduction in the number and scope of non-tariff barriers by all foreseeable means:

- improvement in existing non-tariff codes,
- successful negotiations with regard to the transparency of government procurement and the facilitation of trade,
- negotiation of requests and offers in packages (export bans, export taxes, double prices, boycotts of foreign products),
- quantification and downsizing of these measures wherever possible, as in the case of industrial tariffs,
- liberalisation of products which promote environmental development in industrialised and developing countries alike.

4.6 If, historically speaking, the main mission of the WTO is to improve market access, there is a strong case at the moment for calling on the Geneva-based institution to provide in addition a body of rules to stabilise the international trade system, from which the development process will benefit at the same time.

4.6.1 An agreement on foreign direct investment is first of all highly desirable, even in the form of an embryonic instrument. There are two reasons for this:

- it should allow the largest possible number of firms to invest in optimum conditions (transparency and predictability, together with non-discrimination, repatriation of capital, rules with regard to expropriations and dispute settlement),
- it would benefit the host countries, and in particular the developing and least developed countries (which would also be able to pilot this process themselves unimpeded using "positive lists"), and
- fine-tune the opening of their markets with the aid of derogations and safeguard clauses, provided that they are temporary and degressive.

4.6.2 While the beneficial effects of foreign investment for industrialised countries and developing countries are a topic which is gaining ground among DDA negotiators, albeit while having to be adjusted somewhat to take account of the concerns of developing countries, competition itself is rightly beginning to be taken seriously by these same developing countries. It is universally thought that the ultimate aim is an embryonic agreement which can gradually evolve with the endorsement of all WTO member countries while also helping to initiate harmonisation of bilateral agreements for the protection of investments.

4.6.3 On the other hand, the DDA should perhaps capitalise on the advances made in a number of areas (e.g. transparency) and a number of fundamental principles: the creation of national competition authorities, non-discrimination and procedural fairness have the effect, on the one hand, of facilitating market penetration by abolishing trade barriers and other trade practices which restrict such penetration (see, for example, Japan and South Korea) and, on the other hand, of protecting developing countries and least developed countries from certain predatory competitive practices falling outside the remit of the courts.

4.6.4 The DDA must also regulate trade with the aid of new or improved rules which eliminate protectionist practices and other policies that distort competition. Anti-dumping and subsidies are, for example, two areas where the rules must also be updated.

4.6.4.1 Anti-dumping policies have literally flourished since the Uruguay Round in a good many developing and emerging countries and have remaining a burning issue elsewhere, for example in the United States. Without calling into question the legitimacy of measures providing protection against dumping and unfair competitive practices, one is prompted, as time passes, to ask whether deterrent action should not be taken to combat protectionist abuses, such as the harassment of the firms targeted and excessive compensatory levy margins going beyond what is necessary to remedy the damage done, and taking account of the interests of industrial and final consumers.

4.6.4.2 The question of subsidies should also be reviewed: new problems have arisen such as export support and the level of economic development of the States granting such support, leading to the unjustified ousting from markets of, for example, EU economic operators (see the Proex-Brazil aircraft case).

4.6.5 The Committee would also emphasise the importance of government procurement being more open and transparent. Joint provisions should also be adopted as a deterrent in the fight against corrupt practices.

4.6.6 Progress should also be made on trade and environment issues by taking account of the impact indicators (SIA) developed by the European Commission and working in close cooperation with the relevant international bodies.

New developments in the Doha agenda

4.7 One of the keys to the failure of Seattle and the success of Doha is the acceptance by all member countries of the need to address development problems. It must be noted straight away that the WTO can only help solve such problems with others. It is necessary to take advantage of the actions of international institutions other than the WTO and of certain national and even regional bodies.

4.7.1 Nothing would be more dangerous in this respect than perpetuating the existing situation, which is one of the main faults of the WTO. This would mean including in perpetuity among the developing countries a number of emerging countries where in some, if not in all cases, a certain minority of the population enjoys the living standards of industrialised countries and industry is as strong as it is in our countries. In such conditions it is anomalous for these countries to enjoy derogations from the general rules. This situation should change, in the light in particular of the WTO's key instrument – the "single undertaking" rule. This being so, there is no doubt that industrialised countries will have to agree to make an effort, either at government or enterprise level.

4.7.2 The Committee also supports the modernisation and greater transparency of WTO procedures (which must support the clear interests of all developing countries). More systematic use should be made of instruments which gauge the impact of the issues under negotiation more accurately. These instruments should include:

- impact assessments of the main issues at stake in the negotiations, in the light of different scenarios;
- proportionality tests which examine existing and future tariff and non-tariff barriers;
- the evaluation of the real level of development in the various developing countries, in order in particular to draw a better distinction between newly industrialised and emerging economies, countries still in the process of development, and countries still in the LDC category.

4.7.3 The Committee would also stress how vital capacity building is to carry through the domestic reforms in developing countries which WTO rules require. Implementation constitutes a second angle of attack for the problems peculiar to developing countries, and the demands made by the countries in the African group in 2002 must be taken into consideration to a large extent. Health must be treated by Cancun at the latest. Without a doubt, the WTO cannot do everything in that area

either. Not everything is due to the single issue of patents and compulsory licences. A partnership between industries and developing countries is vital and is also wanted by pharmaceutical companies. Furthermore, it is necessary to address new problems that have emerged in the meantime, such as the granting of pharmaceutical licences for chemical components. Medicines are not everything. Medical teams and hospital facilities are just as important. However, in the final analysis, the WTO can only work towards a solution akin to the one thought up by **Ambassador Motta** at the end of last year, viz.:

- causes: situations of national emergency or extreme urgency,
- vetting by importing or exporting countries of a certain number of minimum conditions governing eligibility for compulsory licences, with a neutral body along the lines of the WHO being used for this purpose,
- action to combat the hijacking of shipments and misuse of this machinery by certain newly industrialised countries (India, Brazil), especially with regard to the re-exportation of such products not covered by a licence to other markets.

With regard to intellectual property, the EESC also urges the EU to have the breeder's right, as agreed under the International Convention for the Protection of New Varieties of Plants (UPOV Convention), accepted under WTO rules as a "sui generis" system.

4.7.4 The Committee would also underline the need to improve the management of trade disputes and, in particular, to avoid as far as possible the damage caused to third parties by trade sanctions by giving them access to additional compensation on preferential terms.

4.8 The Committee would like greater consideration to be given to the social dimension of international trade. Even if this matter does not directly come under the agenda drawn up in Doha, progress in this area will be bound to consolidate the development of sustainable trade². The Committee welcomes the consideration given by a high level ILO group to the social aspects of globalisation. It hopes that the ILO will step up its involvement in WTO proceedings by acquiring the official status of permanent observer. The Committee suggests that each year the ILO should publish a comparative study of the social situation in the world along the lines of the EU single market scoreboards published by the Commission. This study would become a universal reference document for international organisations (including the WTO), States and parliaments, economic and social committees, businesses, social partners and NGOs.

4.9 Finally the Committee invites businessmen, socio-occupational organisations, the social partners, NGOs and other civil society players to take steps to:

² EESC opinion CESE 412/2003 – For a WTO with a human face, rapporteur **Mr Dimitriadis**
Conference on human rights in the workplace organised by the EESC on 2-3 December 2002 in Brussels

- participate in information campaigns about the issues at stake in making the Doha Agenda a success;
- contribute to the assessments of the implementation situations in developing countries;
- organise international meetings between industrialists and/or social partners at a cross-sectoral level and in individual sectors of activity, thereby helping to clarify the issues at stake, make the assessments more detailed and facilitate agreement in the negotiations;
- support the implementation of openness and development programmes promoted by the WTO;
- submit proposals which help further the interplay between international trade and sustainable development at a worldwide level.

4.10 The Committee, for its part, intends to step up the dialogue on international trade with its socio-occupational partners, and especially the representatives of other economic and social committees both in EU countries and outside the EU – such as the committees for Mercosur, the ACP countries or other developing countries. Following the example of the European Parliament's transnational initiative in the field of representative democracy, the Committee would like in this way to make its contribution to the development of a participatory democracy in which civil society players are involved more closely in the monitoring of international trade negotiations and the general functioning of the WTO.

4.11 In particular, the Committee intends to present operational proposals to this effect before the conclusion of the Doha Development Round's negotiations at the end of 2004. These proposals will be based on the joint deliberations which it is going to continue to step us with its partners inside and outside the EU.

Brussels, 17 July 2003.

The President
of the
European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Roger Briesch

Patrick Venturini