

Brussels, 17 October 2001

OPINION
of the
Economic and Social Committee
on
The preparation of the 4th WTO Ministerial Conference in Qatar: ESC position

On 24 April 2001, the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

The preparation of the 4th WTO Ministerial Conference: ESC position

The Section for External Relations which was instructed to prepare the Committee's work on the subject, adopted its opinion on 4 October 2001. The rapporteur was **Mr Vever** and the co-rapporteur **Mrs Sánchez**.

At its 385th plenary session on 17 and 18 October 2001 (meeting of 17 October 2001), the Economic and Social Committee adopted the following opinion by 116 votes with one abstention.

1. *Summary*

1.1 *Nearly two years after the failure in Seattle, the WTO is still seeking to define its future role. Despite consolidation of its dispute settlement system, it is struggling to cope with the new challenges facing international trade: the heterogeneous mix of states, the fact that many developing countries are falling behind, practices which jeopardise the concept of a "single undertaking", and the need for new rules to regulate international trade issues which go beyond the strictly commercial (cf. competition, environment, health, social). Another failure at Doha in November 2001 would threaten the primacy of multilateralism and create, mainly for the developing countries, new risks of exclusion from the market, at the same time paralysing the WTO's ability to tackle the new challenges of globalisation and the increase in trade disputes. On the other hand, success in Doha would set international trade on a course towards better regulation and a lasting consolidation of the bases of global economic growth, which would in particular benefit the developing countries. Against the backdrop of the terrorist attacks on 11 September in the United States and the sudden increase in friction thus triggered throughout the world, such a success would bear witness to the international community's determination to speed up, through dialogue, its organised response to globalisation and the new challenges of the future.*

1.2 *In order to avoid a repetition of the Seattle failure, lessons have to be learnt. This failure must not be attributed to an overly ambitious agenda, but rather to the Conference's inability to prepare properly beforehand, in particular because of the expectations and problems of the developing countries being underestimated, the fact that many of these countries felt excluded from the negotiation procedures, a failure to listen to each other and a lack of flexibility in the debates, misunderstandings on the shape of a new agenda and the lack of a properly prepared dialogue with civil society and NGOs.*

1.3 *In the run-up to the Doha Conference, the challenges are as complex as ever, although some recent convergence of positions does - despite major uncertainties in the wake of 11 September - give rise to a glimmer of hope. On the positive side, many countries are still interested in a new round, the main trading partners are drawing closer together on this point, and the developing countries are more favourably disposed, bolstered by recent EU initiatives. However there is still little room for manoeuvre. High expectations of a broad agenda voiced by civil society*

and NGOs still clash - particularly on environmental and social issues - with the reticence of several developing countries whose key demands lie elsewhere: implementation, development, access to markets. Everyone is weighing up the complexity of obtaining unanimous agreement among 142 states on a satisfactory outcome, which implies an ability to compromise.

1.4 *All these facts lead the Committee to put forward the following recommendations for Doha:*

1.4.1 *Firstly, certain preconditions have to be met, i.e. the negotiations have to be entered into in a spirit of openness, of listening to each other, and of transparency; opening an agenda must not be confused with anticipating the final outcome; the support of the developing countries is essential; an interactive dialogue with organised civil society must be established; bridges must be built between the various issues; the Doha agenda must be placed in a wider context requiring an input from other international bodies besides the WTO.*

1.4.2 *The fact of agreeing on a coherent, ambitious agenda would mean that there was a minimum degree of common vision and considerable will to succeed. The Committee therefore suggests gearing the new WTO round to a "global and sustainable development objective". Such an objective would in fact make it possible to highlight:*

- *the economic development at the core of the round, first and foremost in developing countries;*
- *the development of new qualitative requirements: health, safety, environment, social issues;*
- *further development of cooperation with other international bodies;*
- *the firm determination of the international community to respond to the post-11 September challenges by stepping up global and sustainable cooperation, focusing extra attention on underdevelopment problems and maintaining the WTO's vigilance in ensuring that the trade repercussions of the upheavals triggered by this new situation are kept under control.*

1.4.3 *While stressing the necessarily global, interdependent and interactive nature of the new round, the Committee notes that more time may be required in order to outline some delicate issues more clearly in the negotiations. That being the case, one approach might be to base the round on a three-pronged approach. None of the three elements comprising this approach should be dissociated from the implementation of the whole:*

- *tackling questions of implementation in the developing countries without further ado; the Committee is pleased to observe that these are the focus of proactive proposals;*
- *facilitating negotiations on market access and the built-in agenda - agriculture and services;*
- *opening the way for discussions on more comprehensive issues (competition, investment, consumer protection, the environment and social issues in conjunction with the ILO).*

The Committee's comments on the various goals are based on the hearings it has organised and on the discussion groups set up by Commissioner Lamy with socio-occupational interest groups and NGOs.

1.4.4 *Effective dialogue with civil society organisations is an integral prerequisite for success. To this end, the Committee recommends that a code of conduct be adopted between the WTO and representatives of organised civil society (socio-occupational interest groups, NGOs). Without calling into question the exclusive right of member countries to conduct the negotiations, such a code would give the socio-occupational groups and NGOs additional responsibilities in the preparation, evaluation, monitoring and implementation of WTO commitments. While creating a framework for dialogue, it would also provide an operational instrument for cooperation between the WTO and civil society organisations to the benefit of "global and sustainable development", which the Committee strongly supports.*

2. The challenges for the conference

2.1 The success of GATT for a long time stemmed from its pragmatic approach. In contrast to UNCTAD, which became bogged down in ideological debates without ever achieving any concrete results, the GATT always avoided politicising its discussions and managed, as a consequence, to carry through its ambitious negotiation programmes for the liberalisation of international trade. However, since the successful conclusion of the Uruguay Round in Marrakesh, the new World Trade Organisation set up to replace GATT has been seeking to define its future role.

2.2 With the passing of time, everyone has now realised that the results achieved in Marrakech at the end of the Uruguay Round were considerable, whatever the value judgments made in this connection. The achievements were:

2.2.1 - to turn GATT from a simple provisional agreement with non-permanent status into a United Nations-type international institution - the WTO - with permanent authority to issue legislation on international trade; and

2.2.2 - to convert an agreement bringing together a medley of states - or rather of groups of states - hitherto subject to different types of obligation depending on their level of development, into a "single undertaking", making it possible ultimately to envisage a uni-polar world based on one body of rules, which, if not identical, would at least be comparable.

2.3 Nevertheless, the WTO's success was also the source of its problems. Indeed, as soon as the dispute settlement system was introduced, there were concerns in many quarters about its influence as well as fears that this was disproportionate to its original legitimacy. Moreover, disputes have arisen as to whether WTO rules take precedence over other rules (social, environmental, etc.). Another point to be acknowledged is that since the 1996 Singapore Ministerial conference, many developing countries have fallen behind as they lack institutions capable of applying the WTO rules in full. Although the Singapore Conference initially provided some reassurance, the WTO was seriously destabilised during the 3rd Conference in Seattle by the harsh attacks which came internally from the developing countries and externally from representatives of civil society.

2.4 The developing countries were unable to agree in Seattle to the launch of a new MTN (multilateral trade negotiations) round: what these countries were in fact looking for was a re-

assessment of some of the rules to which they had agreed in Marrakesh. As a consequence, even the very concept of a "single undertaking" is likely to be seriously undermined. Some have argued in favour of henceforth taking into account a series of other concerns (sustainable development, human rights at the workplace, more harmonious regulation of international trade and investment etc.) in parallel to, and on the same level as, developments in world trade.

2.5 The recent awareness of this situation within the WTO has had the following consequence:

2.5.1 - the split between its members (or groups of members) has been aggravated, affecting more than trade issues per se. In addition to these traditional differences, there have been clashes of views on matters such as the environment and labour relations, both among the industrialised countries and between them and the developing countries;

2.5.2 - an increasing number of parameters (trade, tariff, non-tariff, competition, environmental, societal and social issues) necessitate a suitable comprehensive solution being found in time for the next WTO ministerial meetings. This is proving to be an extraordinarily difficult task.

2.6 These developments also reflect markedly different political and strategic visions of the future of international trade and its operational procedures:

2.6.1 - should priority be given to a multilateral agreement within the WTO framework, or to bilateral, regional and even unilateral approaches?

2.6.2 - is it possible to maintain uniformity in trade rules at the global level, or should maximum consideration be given to the degree of development of WTO members (including the development gaps between the developing countries themselves - from emerging economies which are already competitive in many aspects, such as Brazil and India, to the least developed countries - the LDCs)?

2.6.3 - should WTO activities be restricted to trade alone or, given that the dispute settlement mechanism is already affecting other factors, even though it was designed for purely trade issues, should the organisation be encouraged to take related issues into account, such as sustainable development in its broadest sense (in other words social, societal, ethical and environmental considerations)? If so, should the WTO or other organisations take the lead, and whatever the case, how should their activities be coordinated?

2.6.4 - should the WTO change the way it operates with a view to ensuring both greater transparency and more effective participation of its governing bodies, thereby enhancing the role of parliamentary democracy and economic and social democracy and, more generally, taking account of the expectations and concerns of civil society as a whole?

2.7 For all the above reasons, the preparation and various stages of the Doha ministerial conference will prove to be fraught with risks and dangers. Yet another failure would inevitably have

an impact on the very future of the Geneva organisation and on the framework conditions for international trade, even if some believe, more or less rightly, that such a failure would still not be irrevocable.

2.8 Failure at Doha would strengthen the hand of those who have advocated bilateral or bi-regional solutions. Past experience has demonstrated the damaging impact of such solutions which have caused not only the European Union but also many developing countries to be excluded from markets; the latter group includes countries of a relatively modest size as well as countries which, like India, remain opposed to going down this path. Furthermore, failure would undermine the stability of the dispute settlement system.

2.9 The potential negative repercussions of such a failure could well include paralysis of the WTO's activities at the very moment that:

2.9.1 - new, urgent issues are constantly cropping up in world trade: new technologies, e-commerce, the environment, consumer protection, food safety, the precautionary principle, the need for basic medicines, the growing demands relating to ethics and responsible social behaviour, together with many other expectations held by civil society;

2.9.2 - trade disputes are a constant source of tension; the very existence of the new dispute settlement mechanism somehow seems to fan the flames of these disputes;

2.9.3 - dominant operators (FTAA, EU-Mercosur) are increasingly drawn towards regionalisation, and therefore the compartmentalisation, of international trade to the detriment of their weaker partners;

2.9.4 - the fact of China joining the WTO in the near future, although a key event because of the clear advantages of bringing such a significant partner into the institution, cannot fail to have some repercussions on such tricky items on the negotiators' agenda as the environment or social matters, unless these negotiations are launched beforehand.

2.10 From this perspective, for the WTO to grind to a halt or even be temporarily immobilised would be tantamount to taking a step backwards. There would then be a considerable risk that the WTO's dispute settlement body might monopolise all the WTO's activities, applying rules which will increasingly prove to be outstripped by the ongoing developments in world trade.

2.11 However, should Doha turn out to be a success, i.e. with the launch of a new round of rational, balanced trade negotiations, hope would spring up again on all sides:

2.11.1 - such a success would provide genuine proof of the priority accorded to multilateralism over other solutions (regional, bilateral, etc.); and would consolidate economic growth in all participating countries, particularly the developing ones, which would thus be in a better position to close the development gap. This positive impact would be particularly apparent in the

currently fragile state of both the world economy and international stability, following the repercussions across the board of the terrorist attacks in the United States on 11 September;

2.11.2 - success could only flow from a compromise acceptable to all members (industrialised countries, developing countries, least developed countries (LDCs), economies in transition and newly industrialised countries (NICs), as well as to the key parties involved in such a compromise (parliamentary groupings, civil society, occupational and trade union organisations, business, economic operators, etc.); this would allow international trade to grow in a more balanced way, incorporating factors other than purely trade-oriented ones, which would make this process more acceptable to each party and easier for everyone to predict;

2.11.3 - thus, launching this cycle would demonstrate that the debate on globalisation had moved beyond being a mere bone of contention among countries and between countries and NGOs, and that the way was now cleared for seeking negotiated solutions together.

2.12 The radical international upheavals following the events of 11 September have generated major uncertainties, yet this objective remains within the reach of the negotiators in Geneva if the lessons from Seattle are fully taken on board. To this end there are two things to avoid: a) inadequate preparations for the round and an elitist approach to these preparations, and b) wording the text in such a way that it goes beyond the objectives by focusing from the outset on resources.

2.13 Further, the different procedures need to be structured more carefully to identify:

- which sectors are to be reserved for the WTO;
- which additional sectors should be the subject of bilateral or bi-regional agreements.

2.14 In brief, steps must be taken to build up a consensus from the starting point of a new round, i.e. to:

2.14.1 - revive the spirit which was still prevailing in Punta del Este and even the spirit of the failed Havana Conference which aimed to re-shape world trade and flee the pernicious effects of Seattle (premature disagreements on the ultimate target);

2.14.2 - bear in mind the need not to think solely in terms of an EU/United States agreement, which is of course absolutely necessary but nonetheless now not enough: indeed, support from the QUAD, OECD member countries and the developing countries is now vital for launching the brand new round, as much in terms of the principles underlying the round as its agenda;

2.14.3 - react to the sharp exacerbation of functions in the wake of 11 September in the shape of a common drive by the international community to bear witness to its determination to speed up, through dialogue, its organised response to globalisation and the new challenges of the future.

3. **The ESC's recommendations**

3.1 In order to prepare its analysis and recommendations, the ESC has contacted a large number of parties, including the European Commission's Trade DG, the European Parliament rapporteur, **Konrad Schwaiger**, the WTO secretariat and representatives of civil society: this has entailed involvement in the discussion groups set up by **Commissioner Pascal Lamy** with NGO participation in 2000-2001; a hearing on 6 June of members of the NGO Contact Group at the Commission's Trade DG; a hearing on 5 July of European socio-occupational representatives; participation in the public conference organised by the WTO in Geneva on 6 and 7 July with socio-occupational interest groups and the NGOs; and participation in the week of dialogue with civil society on the potential implications of the WTO conference, organised by the Commission's Trade DG from 24 to 28 September.

3.2 The ESC firstly confirms its support for several principles of international trade, namely:

3.2.1 - priority given to multilateralism, without however ruling out the possibility of going further with certain states or regional groupings, but with the express condition that these bilateral and bi-regional agreements respect the letter and spirit of the WTO (pride of place must be given to the WTO, non-discrimination, national treatment, etc.);

3.2.2 - the system of "single undertakings", which enables all WTO members to subscribe to the same rules, even if it entails granting:

3.2.2.1 technical and financial assistance;

3.2.2.2 transition periods for application by the developing and least developed countries of certain rules which require a multilateral approach, as suggested by **Commissioner Lamy**, so as to allow these countries, as is currently the case for the public procurement agreement, to choose at the end of the negotiations whether or not to sign up to the investment and competition agreements;

3.2.2.3 censure of unilateral breaches of WTO rules by any country.

3.3 The Committee stresses the need to take into account the lessons learned in Seattle and to turn on-going developments to best account in order to avoid a repeat of the circumstances which led to the breakdown of talks. This entails in particular:

3.3.1 - better support for the developing countries by placing greater emphasis in the negotiations on the objective of development:

3.3.1.1 by involving them more closely in procedures (transparent negotiations and more flexible procedures),

3.3.1.2 by agreeing to negotiate on a number of points about which they feel very strongly, such as escalating tariff levels, mobility for key personnel in service companies and anti-dumping,

3.3.1.3 by agreeing to review some matters concerning the implementation of the Marrakesh rules, and

3.3.1.4 by granting them special and specific treatment wherever possible without excluding a graduation scheme for those with the best performance;

3.3.2 - more effective dialogue with civil society representatives even though the negotiations themselves are ultimately the responsibility of Member States alone;

3.3.3 - efforts to strike a global balance within the WTO and between the WTO and other international organisations (in particular the ILO where social issues are concerned);

3.3.4 - greater attention to medium- and long-term interests, looking beyond the immediate future;

3.3.5 - not confusing the opening of an agenda with anticipating the final outcome of the negotiations;

3.3.6 - the option referred to above, allowing the developing countries ultimately to refrain from underwriting certain items which exceed their administrative capacities;

3.3.7 - the need to build bridges between different subjects;

3.3.8 - the need for more flexible rules, e.g. agreement under certain conditions on different speeds of implementation;

3.3.9 - the need to improve transparency in procedures, to take effect as of now; and

3.3.10 - encouragement of prospects for reform to tailor the WTO more closely to the needs of the moment.

3.4 The Committee also stresses the need to opt for a timetable for the new round of WTO trade negotiations which allows enough time to meet the expectations of all parties concerned, making it easier to reach a compromise. The fact of agreeing on an ambitious agenda would mean that there was a minimum degree of common vision and considerable will to succeed. It would therefore seem vital to set a major objective for this round, capable of attracting enough support and of bringing the various parties together so as to ensure that it was backed by members and also supported by a good number of the NGOs. The Committee thus suggests gearing the new WTO round to a "global and sustainable development objective". Such an objective would in fact make it possible to underline:

3.4.1 - the economic development at the core of the round, first and foremost in developing countries;

3.4.2 - further development of new qualitative requirements: on health, safety, consumer protection, the environment, the precautionary principle and social issues;

3.4.3 - further development of formal institutional cooperation with activities under the aegis of the United Nations and other international bodies such as the ILO, IMF, World Bank, WIPO, UNCTAD, WCO, OECD, etc.;

3.4.4 - the firm determination of the international community to respond to the challenges following the events of 11 September by consolidating global and sustainable cooperation: in addition to focusing extra attention on underdevelopment problems, that will mean in particular vigilance on the part of the WTO in exercising control over possible distortions of trade flows and terms of competition resulting from various measures, be they already announced or foreseeable, concerning:

3.4.4.1 tighter financial rules (e.g. the drive to put an end to networks for funding terrorism or laundering money),

3.4.4.2 more stringent state control over trade in sensitive products (e.g. nuclear, chemicals, dual use products, potentially dangerous substances and weapons),

3.4.4.3 state aids for hard-hit and struggling sectors (e.g. aeronautics, transport, tourism, insurance/reinsurance).

3.5 So as to launch a broad agenda which takes account of the expectations of all parties concerned, the solutions advocated must be flexible and to the point. While stressing the necessarily global, interdependent and interactive nature of the new round, the Committee notes more time may be required to outline some delicate issues more clearly in the negotiations. That being the case, one approach might be to base the round on a three-pronged approach. None of the three elements comprising this approach should be dissociated from the implementation of the whole:

3.5.1 - without further ado, dealing with questions of implementation benefiting the developing countries, possibly with an "early harvest" to their benefit, similar to the Montreal "mid-term review" under the Uruguay Round; the Committee is happy to note that this vital matter is now the subject of initial priority negotiation;

3.5.2 - facilitating negotiations on market access in the broadest sense of the term, i.e. products, including the drive to facilitate customs procedures, pre-investment and aspects relating to market barriers created by competition rules or the absence thereof, also including matters coming under the built-in agenda - agriculture, services;

3.5.3 - opening the way for negotiations on more comprehensive issues (competition, investment, the environment, consumer protection and social issues in conjunction with the ILO);

3.5.4 - all the while maintaining links between the various areas of negotiation, none of which should be formally concluded before an overall agreement is reached, in line with the principle that "nothing is agreed until everything is agreed".

3.6 As regards the different topics of a new agenda, the Committee would advance a necessarily brief, non-exhaustive series of comments (set out below) in the light, inter alia, of the work of the various discussion groups set up by **Commissioner Lamy** with the participation of the socio-occupational interest groups and NGOs, as well as the additional hearings organised in preparation for this opinion.

3.6.1 The Committee's comments are confined to the prospects and issues at stake in the different subject areas and avoid anticipating the content of the negotiations as such. Indeed, as the Committee previously pointed out, these negotiations themselves come under various other stages which are distinct from that affecting the Doha Conference which must focus on determining the agenda of a new round without anticipating its results.

3.6.2 These observations must not be viewed in isolation: a constant effort must be made to link up the different subject areas because they interact on many levels and there is a need ultimately to achieve an overall coherent and balanced outcome to the various negotiations.

3.6.3 The Committee also stresses that the various negotiation topics will have to be bound together by a constant concern to take into account the essential requirements of development when launching the new round. Indeed, although trade constitutes one condition of development, development must also be encouraged by striking a minimum balance in the mutual concessions made and by means of effective national adjustment and implementation strategies which play a key role here. Doing this will entail amongst other things discussing as a priority how to implement commitments made by the WTO, including the Marrakesh commitments, which might mean giving developing countries support to boost their institutional capacity. Debt relief initiatives could also be appropriate for the most highly indebted developing countries.

3.6.4 As far as market access objectives are concerned, the Committee stresses the need to adopt new schedules for reducing customs duties (in particular peak tariffs) and non-tariff barriers (including public procurement), which would help boost world economic growth. Special attention should be given here to improving market access for the developing countries by bringing down the barriers in the developed countries; multilateral negotiations in the various technical, agricultural and environmental sectors would make this easier. Provisions should be made in the implementation phase for the developing countries to benefit from exemptions from certain liberalisation commitments stipulated by the WTO, subject to compliance with given objective, verifiable requirements.

3.6.5 As regards the objective of facilitating customs procedures, the Committee stresses the need to cut back administrative bureaucracy and to modernise customs import and export procedures, which could warrant technical support for the developing countries (including support for these countries' use of the trade-related dispute settlement mechanism).

3.6.6 As for agriculture-related objectives, the Committee underlines the need to strike a balance between several essential requirements: increasing world food supply; extending market access for developing countries in particular; quality, food safety and consumer protection requirements; the multi-functional and social aspects of agriculture and not just its economic aspects, as legitimately championed by the European Union; the well-being of farm animals; the protection of bio-diversity and traditional know-how; rural environment protection and support for restructuring; and an overall balance in the concessions granted by all the partners in their attempts to secure increased market access. The Committee is in particular expecting the efforts of the other WTO members at least to match the Community's efforts and that the review of export support measures also take account of export credits and food aid. The structured opening up of trade in agricultural products, reductions in import measures and in both internal and external subsidies must be carried out gradually, by managing the transitional status carefully and in close cooperation with the groups concerned.

3.6.7 As regards the services objectives, the Committee would underline the opportunities which have opened up here for the EU which is the foremost world trading partner in this area, while pointing out that increased liberalisation will entail new rules. The GATS agreement will mean that the international market in services can be opened up, first and foremost the financial services market, without affecting members' right to retain suitable rules and regulations in the public interest and to keep public services operating under the same conditions. The developing countries in particular, for whom a vital component of development and technology transfer is rooted in the expansion of their services sectors (including e-commerce and the movement of key personnel), should be encouraged to adopt a more pro-active approach and to define priorities between different professions as well as sectoral priorities for organising the opening up of their markets.

3.6.8 As regards investment-related objectives, the Committee would underscore the need to focus negotiations on a positive listing of priority sectors which seem to merit steps to facilitate new investment, particularly in the interests of the developing countries themselves. Codes of conduct for multinational companies also ought to be encouraged, such as those being developed on the basis of the guidelines launched by the OECD. Special attention should be paid to freedom of transfer and protection against expropriation and other nationalisation.

3.6.9 As for competition-related objectives, the Committee would note that barriers to competition go hand in hand with underdevelopment, corruption and closed markets, and all of these pose a threat to economic development, particularly in the developing countries, and create a number of imbalances in international trade itself. Basic rules in this area should therefore be defined. At this stage, the priority objective will be above all to promote the integration of basic principles into national legislation making it possible to combat a number of particularly symbolic anti-competitive practices, establish flexible arrangements for exchanging information and for cooperation and envisage a dispute settlement mechanism in these areas, without however calling into question national and regulatory bodies' prerogatives. Consideration could be given to support for developing countries so as to boost their administrative capacity in these spheres.

3.6.10 As regards objectives relating to intellectual property, the Committee stresses the need to encourage research and innovation and to combat piracy and counterfeiting while also recognising the key need to optimise the advantages brought by innovation to benefit economic, health and social development in all countries, particularly the developing ones. One key objective will also have to be to bring down the costs of accessing innovation, particularly to improve developing countries' access to healthy, safe living conditions. In this connection the agreement on trade related aspects of intellectual property rights (TRIPS) should be clarified so as to improve technology transfer of which the developing countries are in urgent need. It also seems that the WTO needs to take more account of the work and outcome of the negotiations carried out at the WIPO.

3.6.11 As regards health-related objectives, the Committee would stress the need to apply the precautionary principle in an appropriate, non-arbitrary and non-discriminatory fashion on the basis of strict cost-benefit analyses in a way that involves all the parties concerned. It is also necessary to develop a common terminology and apply international standards such as the Codex alimentarius. International procedures ought to be agreed on for risk management. As well as arrangements which are more favourable to technology transfer to the developing countries (cf. the TRIPS question), including speedy improvements to the system for producing and distributing essential medicines, support for developing countries could be needed to improve monitoring and compliance with standards. The opening up of public procurement should be broached. Steps to open up health services to private investment under the GATS should ensure that quality is maintained and social objectives kept up. These various considerations will also warrant stronger links between the WTO and other international organisations such as the WTO and UNCTAD.

3.6.12 For environment-related objectives, the Committee underlines the need to take sustainable development objectives into account in international trade, bearing in mind major world-wide ecological issues and the need to secure a better living environment for everyone. Impact indicators such as the draft SIA - Sustainable Impact Assessment - launched by the European Commission would appear necessary here. There should also be reference to international standards. It may be that support is needed to help the developing countries reconcile their economic development aims with these essential requirements, particularly by means of budgetary and technical support measures involving other international bodies (cf. the World Bank etc.) and technology transfer. Finally there should be better coordination between environmental instruments (multilateral environmental agreements - MEA) and the WTO's multilateral rules.

3.6.13 On the social objectives, the Committee would refer to its opinion on "Human rights at the workplace" where it underscores the need to launch moves to include basic labour standards in the negotiations for a new world trade order, advocating amongst other things stronger links between the WTO and the ILO; the ILO is still the most suitable body for framing international social provisions, but the WTO must ensure that they are promoted by providing positive incentives. In addition, the Committee welcomes the fact that the Commission's July 2001 communication on promoting core labour standards and improving social governance in the context of globalisation drew attention to the need for the European Union to take new initiatives in this sphere.

3.7 Consensus, even if it may appear to bring things to a standstill, is the only way to achieve a balanced outcome under current public international law. Even then, the manner in which such consensus is reached will have to be steered more carefully than has been the case in the past:

3.7.1 - by enabling all members, including the developing and least developed countries, to play a more active role, which should make an effective contribution to setting an agenda for the new round; this could warrant those with the most limited institutional resources coming together in "clusters" (along the lines of existing procedures in the IMF and World Bank);

3.7.2 - by giving developing countries the certainty that they will be provided with the financial and human resources they need to implement rules, to which incidentally they would have freely agreed to;

3.7.3 - if necessary by granting developing countries transitional periods so that they can achieve the same outcome;

3.7.3.1 by helping the developing and least developed countries to set up the necessary institutions,

3.7.3.2 by establishing formal links between the WTO and other international organisations responsible for sustainable development and social progress amongst other things by giving them the status of observer and by strengthening their cultural ties, along the lines of action taken by the World Bank and the IMF, in conjunction with the WTO, to open up markets,

3.7.3.3 lastly by setting up consultative bodies (be they parliamentary or associated with economic and social democracy) to assist the WTO.

3.8 The Committee also underlines the need to give representatives of civil society organisations easier access to the WTO:

3.8.1 - by giving occupational bodies, trade unions and NGOs the opportunity to express their views, thus also encouraging them to take into account all the parameters involved, and not only specific issues or demands taken out of their global context. This would warrant amongst other things:

- organising an annual WTO meeting for public debate, along the lines of the one held in Geneva in July 2001;
- setting up thematic consultative committees;
- stepping up cooperation with the European Economic and Social Committee in this area;

3.8.2 - by examining the possibility of involving these bodies in certain procedures such as reports by the parties involved, socio-occupational interest groups and NGOs as part of dispute settlement.

3.9 The Committee thus recommends, in line with a suggestion by the Director-general of the WTO, **Mike Moore**, that a code of conduct be concluded in the near future between the WTO and representatives of civil society organisations (socio-occupational interest groups, NGOs) so as to guarantee interactive dialogue on a stronger, long-lasting basis where each party is willing to hear the other's point of view (consultation, debriefings etc.). Concluding a code of this type would mean that the 1996 guidelines on relations between the WTO and NGOs could be updated. Without calling into question the principle that the negotiations per se are the sole responsibility of the members, this code would mean that the WTO's relations with civil society organisations would be better organised, based on existing best practice in this area in the various member countries. In creating a framework for dialogue, the code should also provide an operational instrument for cooperation between the WTO and civil society organisations to benefit "global and sustainable development" which the Committee strongly supports. This code of conduct could thus comprise:

3.9.1 - a declaration explicitly renouncing all forms of violence and promoting mutual dialogue;

3.9.2 - commitments by signatory socio-occupational interest groups and NGOs to comply with certain transparency rules (mission, members, organisation, finances etc.);

3.9.3 - a commitment by the WTO secretariat as regards the operational organisation of such cooperation (information and access to documents, consultation, debriefing, assessments, Internet forum, etc.) which could amongst other things include holding an annual conference;

3.9.4 - an invitation to representatives of civil society and NGOs to participate in information campaigns, analyses of situations and issues, and to shoulder responsibilities as part of WTO activities, inter alia by making useful proposals to WTO institutions on WTO-related issues, supporting the implementation of WTO commitments and programmes, contributing to panels and helping verify application problems and implementation progress;

3.9.5 - an invitation to WTO member states to apply cooperation arrangements with civil society representatives and NGOs at national level.

3.10 On the basis of these various pointers for discussion and recommendations, the Economic and Social Committee intends to step up dialogue with and between representatives of civil society organisations by taking all useful initiatives to this end.

Brussels, 17 October 2001.

The President
of the
Economic and Social Committee

The Secretary-General
of the
Economic and Social Committee

Göke Frerichs

Patrick Venturini

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N.B. : Appendices overleaf.

Appendix I - Lessons from Seattle

It seems vital to understand thoroughly and take on board the reasons behind Seattle's failure so as not to risk the talks becoming derailed a second time, yet again resulting in stalemate for similar reasons.

The most apparent reasons for this failure stem, inter alia, from :

- inadequate preparations and organisation beforehand to achieve consensus among the member countries in tackling a particularly ambitious agenda, making it virtually impossible to hammer out areas of agreement within the brief space of a one-week conference;

- a lack of effective preparation, apart from ad hoc debriefings on the spot, of dialogue with civil society representatives and the many NGOs present in Seattle; proper dialogue could have meant that their expectations and concerns were better taken on board in advance, instead of allowing the situation to degenerate into violent skirmishes on the streets stirred up by the unchecked actions of certain groups.

Other perhaps less apparent reasons nevertheless proved to be decisive :

- against this background of major disruption there was not enough time to enter into coherent negotiations and make a success of them, while last minute efforts by the EU amongst others to rebuild contacts did not meet with enough support to break the deadlock;

- many developing countries felt marginalised in the negotiations, both with regard to the procedure and to their own demands. The Euro-American condominium, even when extended to the QUAD (EU, United States, Canada and Japan) and the OECD, proved to be no longer capable of steering multilateral trade negotiations: the backing of a significant number of developing countries now also needs to be reckoned with;

- the WTO's procedures and working methods, perceived to be elitist and secretive (the term "medieval" has even been used), have fuelled a certain amount of defiance on the part of some states, particularly amongst the developing countries, and of civil society representatives and NGOs. Its dispute settlement system produces solutions which anticipate or even jeopardise the outcome of future negotiations between sovereign states (c.f. on the environment). Through its specific methodology and organisational approach, the WTO has a tendency to extend its powers beyond the field of trade. It is criticised in such incidences for unfettered imperialism;

- also, despite the declared aim of a wide-ranging agenda, the key objective of a new round was not clearly set out in Seattle: the reference to a "millennium round" in actual fact barely concealed the lack of a common vision on the major objectives. This was for a large part responsible for the participants' inability to pull together the various threads of the negotiations.

Major misunderstandings arose in Seattle which need to be resolved in Doha:

- many NGOs are not opposed in any way to the concept of more international regulation in the face of globalisation, but they do oppose a certain type of approach adopted by the WTO. Civil society representatives aspire in particular to making their voice heard in the WTO's activities (consultation, assessment and implementation);

- developing countries also want greater transparency - above all in the internal operations of the WTO, more than in its external operations - as well as greater fairness and involvement in the way it operates, but they are distrustful of the new rules which do not take account of the disadvantages they face and they currently rule out any formal involvement of civil society representatives in the work of the WTO. Here one must be fully aware of major differences in approach, which obviously complicate the conditions for reaching the wide-ranging consensus needed for successfully launching a new round;

- it is not so much the ambitions of a wide-ranging agenda which must be held responsible for the failure in Seattle as a lack of understanding of that agenda and a failure to prepare it properly;

- the WTO cannot and must not do everything: its role is to contribute to shaping a new world structure in a global framework;

- no-one is opposed in principle to adjusting the WTO rules, but this can only be undertaken gradually in a climate of greater trust.

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Appendix II - Ongoing developments

In the run-up to Doha, the situation is still very uneven. However, given the results of the meetings in Mexico and Hanoi, certain developments are taking shape which indicate that a positive outcome may be within reach.

Generally speaking, several advances have been made:

- the requirements of a new round remain intact, despite the various ups and downs that have occurred, with progress - albeit painstaking and complex - in the preparations in Geneva and the fact that the objective interest in a new round not only concerns individual states but also the new regional groupings such as Mercosur, NAFTA and ASEAN;

- closer contact between the major industrialised partners, in particular between the European Union and the United States (cf. the Zoellick/Lamy contacts, the OECD ministerial conference in May 2001, the Gothenburg summit in June attended by President Bush, the G8 summit in Genoa in July); also note that the parties concerned have all sought to make their bilateral and bi-regional (FTAA, Mercosur) initiatives compatible with the WTO's multilateral framework; the EU has thus arranged its negotiating timetable accordingly and the United States has called for a "trade promotion authority" to work to this end;

- greater convergence between industrialised countries and developing countries (c.f. the Mexico and Singapore mini-ministerial conferences, the Hanoi ASEAN meeting, the Nairobi EU-ACP meeting and the meeting of the Asia-Pacific countries in the context of the Shanghai APEC summit, which have all produced significant progress), together with changes for the better in the developing countries, reinforced by a number of initiatives such as the EU's "Everything but Arms" initiative (even if the sole beneficiaries are the least developed of the developing countries, leaving other developing countries' expectations unchanged);

- improved dialogue with civil society and NGOs firstly on the part of the European Commission, spurred on by **Commissioner Pascal Lamy** with several meetings in Brussels, and also on the part of the WTO, as demonstrated by the recent conference held with them in Geneva in July at the initiative of the Director-General, **Mike Moore**.

Nevertheless, there is very little room for manoeuvre:

- disagreements persist on the shape of the new agenda;

- the international economic situation is less favourable than one or two years ago and could tempt countries to adopt a more inward-looking approach, prompted by the greater uncertainty following the events on 11 September;

- EU initiatives have not been fully endorsed by the QUAD, the United States or even all the other OECD members;

- generally speaking, the EU still needs greater support in its clear calls for a wide-ranging, global round comprising one part packed with new systemic issues, despite the converging approach adopted by the countries applying for EU membership, together with Switzerland, Norway and Japan, and in spite of some initial encouraging but still unconfirmed responses from a number of developing countries;

- many of the points called for by civil society and NGOs still run counter to the thinking of the developing countries, even if these contradictions are not necessarily insurmountable;

- many NGOs themselves continue to adopt a largely confrontational attitude, as demonstrated at the latest G8 summit in Genoa in July;

- in any case, there is still some way to go towards making the WTO more transparent and developing dialogue with civil society.

The split in the NGO camp is more clearly demarcated than in the past. Some NGOs are in reality more opposed to globalisation than to the WTO itself, while many NGOs now see the debate on a different level, i.e. better world-wide regulation of the multilateral trading, economic and financial system. However, the overall problem remains of deciding which of their demands have to be taken on board, and how this should be done:

- should this be done within the WTO itself on the basis of a very wide-ranging agenda?

- or should a counterbalance to the WTO be sought by giving other international organisations new responsibilities and entrusting them with the task of carrying through new, supplementary negotiations, either under the auspices of the ILO, the UNDP or in the framework of some new World Environmental Organisation, building on the work already set in motion within the United Nations?

As far as the developing countries are concerned, their demands have largely been spelt out, so much so that none have spoken of a future development round. Most of these countries are interested above all in focusing the agenda on the conditions required for their economic development, in particular access to both industrial and agricultural markets in the industrialised countries. They seem more ready to discuss the terms for easier access to services markets, which could benefit them not only as service providers, where comparative advantage would work in their favour, but above all as users, especially with the development of the information society. Many continue to call for adjustments to the implementation of some of the rules decided on in Marrakech (inter alia TRIPS, trade policy instruments, anti-dumping, public tenders, textile-clothing agreement) - indeed some have even asked for them to be abolished; all these are particularly sensitive issues for

the industrialised countries, and could prove to be very difficult to implement in some cases, when it is less the scheduling and more the very essence of the rules which is being called into question.

Such adjustments would probably make it easier to broaden the agenda to include new subjects such as investment and competition, about which many of these developing countries nevertheless remain suspicious. Their suspicions are even greater as far as the environment is concerned since they fear that they will be the victims of protectionist measures. As they are even more reticent regarding social standards, they view the WTO's actions as unwarranted meddling and fear unjustified questioning of their competitive abilities which takes no account of their particular problems.

Lastly, many developing countries want to change the WTO's decision-making process to their advantage so as to allow them to participate more actively in the preparatory work and in setting the agenda for the new round. They also quite rightly stress the matter of their institutional and administrative handicaps which warrant special attention. However none of the developing countries are enthusiastic about the NGOs and civil society interfering with the WTO's decision-making procedures. On the contrary, they have expressed their will to stick to the sacrosanct principle of "one country one vote" (which anyway none of the members wishes at present to call into question).

In order to rally the developing countries to the idea of launching a new round, numerous efforts have been made, particularly by the EU: The "Everything but Arms" initiative; European Commission talks on a possible multilateral approach to investment and competition; and **Commissioner Lamy's** "implementation" offer to the developing countries in the form of a three-pronged approach before, during and after Doha. The outcome of this is that the idea of a "manageable" round now gives rise to fewer fears.

The Cairns Group continues primarily to seek better outlets for their agricultural and agri-food products, which the Group feels requires both the opening up of markets and a reduction in support measures. It considers that the agenda of the new round might be more acceptable if it resembled the built-in agenda.

The United States is mainly concerned with capturing service, goods and agricultural markets. On the other hand, it remains suspicious as regards environmental issues while the implementing arrangements still pose problems (e.g. trade defence instruments and intellectual property).

For the EU, minimum negotiations focusing on market access would clearly not be enough, even if it is obvious that the EU as the foremost world-wide trading partner both in goods and services has itself many interests, expectations and claims to defend in this area: these negotiations must be extended to include a number of issues which go beyond pure trade and are likely to encourage some regulation of trade and investment (investment, competition and also the environment), even if that would require balancing, graduating or even compensatory mechanisms. Moreover the EU wishes to continue the debate on social standards even if it acknowledges that the

WTO is not the most suitable forum for dealing with this issue directly without making use of the special role that the ILO must play in this area. The applicant countries wishing to join the EU are themselves close to the EU's position - which they already supported in Seattle.

It has been noted overall that the format for the agenda of future negotiations remains to be set, even if no-one (or hardly anyone) challenges the following points any more:

- setting an agenda based on the built-in agenda (services and agriculture), backed by supplementary measures on "market access";

- putting the finishing touches to the uncompleted parts of the Uruguay round negotiations;

- updating certain commitments made at Marrakech at least as regards the schedules, as well as taking into account certain of the developing countries' basic needs (essential medicines in the framework of the TRIPS agreement);

- improving the transparency of WTO procedures;

- introducing a number of additional topics relating to market access, such as facilitating customs procedures.

The following points still cause problems:

- the scale of the negotiations on the "implementation" arrangements and in particular the shape of any concession to be granted to the developing countries as regards intellectual property, the textile/clothing agreement, trade defence instruments and some aspects of dispute settlement - all of which are particularly delicate issues for the industrialised countries;

- systemic and regulatory negotiations on competition and investment-related matters, the environment and, even more controversial, social issues.

The argument in favour of a wide-ranging round, which would meet the concerns of all parties, nonetheless remains a valid one, especially if - as is to be hoped - the aim is to accede to all or part of the requests made by civil society in the broadest sense of the term.

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APPENDIX III: Glossary of abbreviations

APEC	Asia-Pacific Economic Cooperation
ASEM	Asia-Europe Meeting
FTAA	Free trade area of the Americas
GATS	General Agreement on Trade and Services
GATT	General Agreement on Tariffs and Trade
ILO	International Labour Organisation
IMF	International Monetary Fund
LDC	Least developed countries
MEA	Multilateral environmental agreements
MTN	Multilateral trade negotiations
NGO	Non-governmental organisations
NIC	Newly industrialised countries
OECD	Organisation for Economic Cooperation and Development
SIA	Sustainable impact assessment
TRIPS	Trade-related aspects of intellectual property rights
UNCTAD	UN Conference on Trade and Development
WCO	World Customs Organisation
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation
