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**TRADE POLICY MESSAGE TO MINISTERS  
FROM THE CHAIR OF THE TRADE COMMITTEE**

*This report on Trade represents my personal sense of discussion among members of the Trade Committee about the need to capitalise on the once-in-a-generation opportunity to promote both development and the effective functioning of the multilateral trading system. The message is an attempt to set out the key priorities of the Doha Development Agenda and the critically short timeframe within which they need to be resolved.*

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**TRADE POLICY MESSAGE TO MINISTERS  
FROM THE CHAIR OF THE TRADE COMMITTEE**

1. The WTO Doha Round needs to be - and can be - concluded in 2006. It is a once in a generation opportunity to promote both development and a consolidation of the rule of law on a genuinely multilateral basis to the benefit of all. That way trade will, indeed, act as a powerful engine of growth and as a means to improve the welfare of citizens. But that can only be achieved if we actually deliver on the ambitions agreed at Doha itself. And it cannot be done at the last minute. The ground must be prepared. That inevitably means taking some big – and far-reaching - decisions this year at the Sixth Ministerial Conference in Hong Kong.

2. The level of political commitment required cannot be overstated. Neither can the urgency. In that regard, the forthcoming Ministerial Council Meeting comes at a vital time and provides a timely opportunity to send a powerful message that reinforces the commitment to get the job done.

3. The Sixth Ministerial Conference in Hong Kong simply has to establish the basis for closing the deal in the following months. It will have to translate the Doha ambitions into a concrete sense of just what the deal will mean on the ground. It will set out the final steps to get to the conclusion of the Round. In other words it will define the endgame. This means it will have to have:

- established clearly the modalities for Agriculture and NAMA so that draft schedules of commitments can be tabled and subsequently finalised in 2006. That means having established the requisite formulae and criteria as well as spelling out the numbers for both areas of the negotiation. There will be no more ambiguity or debate about what the dimensions of overall “ambition” will be. This will be basically laid down in Hong Kong, although the detailed application will be clarified in the scheduling.
- secured strong convergence on the rules-based parts of the negotiations (including trade facilitation) so that there is a manifestly discernable basis upon which to finalise a text-based deal in the following year. The actual texts will have to be hammered out in the following months but the basic issues for resolution will not be in any real doubt.
- advanced the request offer process on Services to the point where the critical mass of tabled conditional offers is of sufficient scale and scope to bring a significant and commercially attractive deal within credible reach. The critical path will have to be defined for securing this in the months that follow - together with emergent reinforcing horizontal disciplines.

4. That means also that a huge amount of work needs to be done in the next six months of this year. There are certain stand-out intermediate goals that, it is suggested here, we should usefully set ourselves for the mid-point of this year to ensure we get to Hong Kong in good shape:

- In **NAMA**, we need, first and foremost, agreement on the kind of simple non-linear tariff cut formula that can deliver real market access improvements- cuts in applied rates – by all Members that are able to contribute, and in a way that is consistent with less than full reciprocity for developing countries. We should aim to have convergence on at least the shape of that by June of this year. With that in train, the way should be clearer to have provided also

greater precision on the role of the other elements, including sectoral and NTB considerations by July.

- Recognising that a balanced approach is necessary, at least three areas in **Agriculture**, stand out as needing to be credibly advanced by July if we are to keep on track to full modalities in Hong Kong, assuming that we have moved forward on the issue of specific and ad valorem tariff conversions. There should be demonstrable progress toward defining the parameters of the tiered formula for market access, which is at the heart of moving forward the objective of substantial improvement in market access for all products. There should be more concrete and precise definition emerging on the tiered formula and criteria set out in the July framework to ensure that we stay on course to achieving substantial reductions in trade distorting domestic support. The path-breaking commitment in the August 2004 Framework to eliminate all forms of export subsidies (including the framework undertakings on export credits, STE's and Food Aid) needs to be taking shape as a more operationally designed commitment.
- In **Services** it is a matter of real urgency that offers, including revised offers, be very significantly enhanced by the May deadline foreseen in the August 2004 framework. Commercially meaningful offers need to be collectively on the table by then. They need to be ambitious enough to genuinely galvanise the negotiating process. Based on actions by that date, together with progress in the process that follows, it needs to be demonstrably evident by July that a commercially significant negotiation is seriously in play.
- In the area of **Rules**, there is a need to sharpen the intensity and precision of the work to ensure confidence that substantial progress is being made by July. By then, evidence of a more focussed effort to start shaping the real priorities for attention in the respective rules areas should be apparent, and it should be evident also that more conceptual or abstract discussions are decisively giving way to a more concrete and operationally oriented engagement.
- In **Trade Facilitation**, continued efforts are needed to keep these negotiations on track with a view to further expediting the movement, release and clearance of goods together with adequate technical assistance/ technical capacity building assistance. By July we should be seeing the emergence of elements that, with suitable further development prior to Hong Kong, could be used reliably as building blocks for an eventual agreement.

5. It need hardly be added that a successful outcome to the Ministerial meeting will require concerted efforts at Ministerial level, at the level of (capital-based) Senior Officials and at the level of technical negotiations in Geneva. It will be necessary to draw on the full range of country groupings – large and small- now engaged in the policy dialogue, while guaranteeing transparency and inclusiveness.

6. The Doha Declaration calls for positive efforts to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their **economic development**. That development dimension is central, and requires full commitment to meet the terms of the Doha Declaration in this regard. It cannot be over-emphasised in this context that the most effective way to realise the potential of trade as a tool for development, including poverty reduction, will be through ambitious market access outcomes in the core areas of the DDA, suitably supported by rule-making. Such gains will also be maximised to the extent that developing countries themselves are engaged in the process of market opening.

7. But trade is not a panacea and trade liberalisation and strengthening of trade rules may need to be accompanied by appropriate domestic steps – in some cases to create a friendlier business climate and, in

others, to ensure that structural adjustment is conducted in a socially acceptable way. Enhanced technical assistance and capacity building, particularly for the least-developed countries are also of considerable importance. For this to happen, trade needs to be incorporated more fully into national development strategies. It will also be essential that initiatives taken and action implemented by different international organisations in the area of trade and development are coherent, complementary and, in particular, consistent with basic WTO principles.

8. OECD analysis has an important role to play in raising awareness of the gains from trade but also in putting trade liberalisation and rule-making into its broader policy setting. Beyond analysis, OECD has a leadership role in putting words (and numbers) into action.