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Paris, 20 October 1999

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INFORMAL CONSULTATION BETWEEN THE TRADE COMMITTEE AND NGOS
20 October 1999

This day-long informal consultation between the Trade Committee and representatives from a cross-section of business, labour, environmental, developmental and consumer groups was welcomed by participants as a genuine dialogue and an important step in transparency. Several Trade Committee Delegates as well as NGO representatives expressed a desire to repeat on a regular basis such informal consultations.

The consultation was structured against a background that included objectives of a new round of liberalisation; the built-in agenda and similar topics such as industrial tariffs; the "new issues"; and interests and concerns of developing countries. The discussion ran mainly along two principal themes: incorporation of societal concerns into the multilateral trading system and interaction with developing countries.

As evidenced by the views expressed during the consultation, participating NGOs were not opposed to free trade or trade liberalisation. In fact, some indicated that while further trade liberalisation was not a goal in itself, it was a means to achieve sustainable development, which they saw as the ultimate objective. One NGO representative did suggest, however, that trade liberalisation was moving too fast because other policy areas have not been able to keep up and consequently are lagging behind trade policy. In a new round of negotiations, some said, appropriate attention should be paid to environmental protection, food safety, labour rights and consumer choice.

In this regard, the question was thoroughly examined to what extent the WTO should deal with issues, such as labour standards and environmental protection. One NGO representative said that the objective of the trading system must be wider than economic growth and that ways need to be found to integrate social and environmental issues. Insufficient progress is made, some NGOs said, because there is a lack of political will by governments to devote resources and effort to working out solutions. The view was widely expressed by the NGOs that the organisations competent for such issues had not been effective in resolving them, possibly because they lack the instruments and force of law to do so. The WTO system, with its possibilities of sanctions, could help enforce obligations undertaken in other fora with regard to environment or labour rights. Several Delegates said that their governments have always seen the aims of the WTO as going beyond growth, but that the real conundrum lies in how to capture the wider objectives.

Some of the NGO participants suggested that the WTO increasingly confronts those new areas because the lowering of barriers to trade increases the relevance of domestic policies to trade. The fact that the WTO has the powers of enforcement that other institutions lack means that increasingly it will be asked to deal with such issues, which, in fact, it was not designed to handle. On this theme, a number of Trade Delegates expressed the view that WTO is a trade organisation and should not be used to resolve other issues that seem to suffer from insufficient progress in the appropriate specialised fora. Several Delegations cautioned against using trade policy to address these issues because this would risk shifting significantly the WTO's focus away from it area of expertise and transforming it, as one Delegation said, into a "WTOEUS" ("World Trade Organisation and Everything Under the Sun"). Accordingly, the view

was expressed by some on the Committee that environment, labour and consumer issues should be principally dealt with in more specialised fora.

As regards labour standards in particular, the establishment of a working group was seen by one NGO representative as the least that should be done to address the issue of core labour standards. A few Delegates expressed support for this idea, with one saying it should be an informal working group. A few Delegates said they see the solution as a reinforcement of the mandate of ILO and the granting of WTO observership to the ILO.

There was widespread recognition of the importance, indeed the need, of integrating developing countries in the process of further liberalisation. The view was expressed amongst NGOs that if developing countries are reluctant to incorporate issues such as labour standards and environment, one reason could be because the benefits that they expected from the Uruguay Round have not materialised and, in many cases, the help promised to enforce obligations under the Uruguay Round has not been forthcoming.

All agreed that more attention needs to be paid to capacity building to help developing countries to participate fully in the trading system. Some asked whether the major focus of a new round should not be to ensure that developing countries build up the capacity needed to honour their prior engagements, rather than seeking to establish new obligations. Several NGOs stressed the importance of effectively providing technical and financial assistance to developing countries, helping them to acquire experience in the operation of the system and participate more actively both in rules and standards elaboration and in remedial action.

One NGO representative stressed that special and differential treatment in fact would be one important way that developed countries could build bridges to developing countries, and he noted that special and differential treatment is not just economic-related but can also have an environmental side. Another NGO participant took a view that efforts to bring developing countries to a level of equality would be more fruitful than special and differential treatment, which in his view is not infrequently ill-designed to meet developing country needs. One Observer said that the real problem is that special and differential treatment needs to be mainstreamed and should be built into negotiations, otherwise it will remain a useless principle. Other areas cited by NGOs as offering opportunity to build bridges to developing countries were rules on subsidies, particularly in agriculture and fisheries; and standards setting. One Delegate noted that before bridges are built, their architecture needs to be decided, and he cited co-operative activities, dialogue and institutional co-operation as examples of what he meant. Effort also needs to be invested in rendering more coherent global policy making and closer co-operation between international organisations.

The view was widely expressed amongst NGOs that the WTO was suffering from lack of credibility and that the trading system needs further evolution, with efforts directed in particular at increasing transparency and strengthening public participation. NGO representatives raised issues of the WTO's declassification of documents and accreditation of NGOs. Several Delegates agreed that there was the credibility gap in governance that needs to be dealt with but, as one Delegate metaphorically cautioned, care should be taken not to employ a cure that could kill the patient instead of helping him get well.

The Chairman noted some convergence of views on broader political themes between NGOs and Trade Committee members. He commended the discussion for its openness, for the fact that it had established a real dialogue, and he observed that the informal consultation had proved to be a good experience for the Trade Committee and for OECD.

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20 October 1999
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1. Not for Confidential items.

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