

Statement by the EU

We have listened with great interest to your statement, Mr Chairman, and to the presentations of the Chairmen of the various negotiating groups. We thank you and them for the great efforts that have been deployed. We will not comment on these reports in any detail, but give you the EU assessment of the state of the DDA negotiations, and our suggestions for the way forward.

We are reaching one of the proverbial turning points in the DDA negotiations. This vast enterprise is beginning to turn in the right direction. One of the main problems that we are facing is that not all issues are turning, at comparable speed, in the direction of Hong Kong. But we do not want to overdramatise the issue of this uneven speed. It is perfectly normal that some issues, at certain times, advance faster than others, but then one has to ensure that the laggards do catch up later. We do not yet have the impression of this happening on a wide variety of issues of importance to many or all of us. But, as a general conclusion, we still believe that we can make it for Hong Kong across the board, provided that (a) all major participants, including the EU, set the example and make the difficult political choices between now and September, and (b) that we change our working methods.

Agriculture

It is indispensable to continue to push forward on agriculture. We should find the right balance between the various interests at stake, both in developed and developing countries, across the 3 pillars and related issues. Clearly this has to be done on the basis of the objectives of the Doha Declaration and of the July 2004 framework agreement, including their development goals.

We largely agree with the assessment just made by Chairman Groser.

We also welcome the proposals from the G20, on all three pillars, including the recent proposal on market access. This is a good and solid basis to work on. We salute the work done in the G20 to table this proposal, as it seeks, and succeeds, to steer the negotiations in this area towards the middle ground. We have responded by engaging in discussions this week on this basis in the spirit of moving swiftly towards an agreed structure on market access. We believe that the G20 proposal and the movement that some participants, including the EU, have made during the discussions in Geneva will serve as a basis for the resumption of negotiations on agricultural market access, after the summer break, centred on the G20 proposal.

But we are disappointed with the virtual lack of progress since July 2004 on trade-distorting domestic support. This was an issue identified in Doha and in the Framework Agreement as another key issue. Both cuts and disciplines were to be addressed. It is our feeling that little, if any, progress was made here,

despite again, some useful and constructive ideas tabled by the G20. This is deeply disappointing. Some early, and probably difficult, political decisions clearly need to be made in key developed countries on this, hopefully before we resume in September. Agricultural reform is indeed, politically painful. We know because we have done it. We did it largely because it was a worthy objective in itself but also as an advanced contribution to the DDA. We did not ask anyone else to “pay” for this, nor did we ask others to reform or to open their markets in exchange. Reform is long overdue in many countries. It should be done for its own sake and not linked to progress or “payment” by others in this or other areas.

On export competition, too, much needs to be done. We have seen some limited progress on export credits, but very little, if any, on STEs and commercially motivated food aid. We also agree with Tim Groser the acute concern and urgency regarding cotton.

Moving on to our work after August, we should follow the thrust of Tim Groser’s report. We clearly need, as stated in the beginning of the Framework Agreement, to cover all issues laid down in the framework agreement. Much remains to be done. Nevertheless with the necessary political will on all sides, we can still get a comprehensive, balanced result in time for Hong Kong.

NAMA

We welcome the Chairman’s report including the recent addendum. This is a negotiation that needs ambition: the lowest common denominator cannot fulfil the diverse interests of Members in this area. There should be gains for all. We in the EU aim for real new market access for our exporters, but so do developing countries, and they need access not only to developed country markets – and here the EU is prepared to make a very large contribution – but also to the markets of other developing countries.

Much hard, technical work has been done since last July’s framework agreement. What is needed is agreement on the essential economic and political features of a NAMA deal. These are not complicated: first, real new market access for all, with the largest opportunities being offered to LDCs; second, developed countries should do most, developing countries should do less; third, the poorer developing countries, and in particular the LDCs and others in a similar situation, should not be asked to make any tariff reduction; fourth, developing countries who have made efforts to open their markets should see recognition of this. Fifth, both here and in agriculture, let us agree definitively at Hong Kong on tariff and quota free access by LDCs to all developed country markets.

The key question is where we start in September. We hope that this will be on the basis of one or the other of the Swiss formula proposals that seem to have attracted large support.

There are several other important issues: preference erosion, NTBs, etc ... These issues cannot and will not be neglected, but the starting point remains the tariff cutting formula and its impact on different participants. We would have liked to see agreement on this today. This is not yet the case, but we are glad to see the progress made so far, encouraging but incomplete. The formula that should emerge should be simple, its consequences easy to assess and must not create disparities between countries with the same levels of development. This is why we proposed a simple Swiss formula, with one coefficient for all developed countries and a (higher) coefficient for developing countries, modulated according to the degree and kind of additional flexibility that each of them requires. We should agree on the structure of the formula in the autumn, and other key elements of the NAMA package, and fill in the figures by or at Hong Kong. No undue optimism, but we hear echoes that go in the right direction and signals from key participants that we may, finally, be getting beyond the starting blocks.

Development

Faizel Ismail has reported on the intensive work over recent months in the CTD in Special Session on the LDC related proposals. The EU is disappointed that it has not been possible to reach agreement on these and to harvest them at this time. This would have been a valuable down-payment for the LDCs. We should continue to work hard on these proposals in the autumn, with the clear objective of reaching consensus on them by the Hong Kong Ministerial. The EU will remain fully and positively engaged in this process.

The greatest opportunities for ensuring pro-development outcomes in the Round – is to be found in the four negotiating areas of NAMA, Agriculture (including cotton), Services and Trade Facilitation. The EU will continue to support both market access opportunities and special and differential treatment for developing countries in all these areas, as well as to advance the other development-related subjects in the Round and in the WTO's regular work programme.

As many others, we are increasingly impatient with the delays in responding to LDCs' calls for full duty-free and quota-free market access for their exports. Such a decision should be taken at the latest by or at the Hong Kong Ministerial.

Finally, many developing countries need considerable help with development assistance and "aid for trade" if they are to fully benefit from the opportunities offered by the multilateral trading system or adjust effectively to its challenges. The EU recognises the need to increase the flow of trade-related assistance to the developing countries. The EU, by far the largest donor of such assistance, will continue to play an active and leading role.

Services

Here we are now facing a very serious situation: there is hardly any progress. The number of revised, improved offers still falls far short of what is

needed and most of those submitted so far do not provide for new market access opportunities. Indeed, in most cases they do not even reflect existing levels of liberalisation in some developed countries! This situation is unsustainable and must be corrected by Hong-Kong. For the EU, services are crucial for the overall balance of the DDA.

For Hong-Kong, we need to achieve modalities with a similar level of specificity in services as for agriculture and NAMA. The request-offer method of negotiating has not generated meaningful results. We should now, as suggested in the Chair's report, explore complementary approaches to the negotiations in order to ensure that there is a substantive outcome in services in the DDA. We strongly encourage the Chair of the services negotiating group to pursue this work from September so that Ministers can decide in Hong-Kong on a set of modalities for services.

Rules

For brevity's sake, want to focus only on anti-dumping. Preventing abuses of anti-dumping procedure is essential for preserving real market access for all WTO Members. Welcome some indications of intention to accelerate and intensify further.

Overall assessment in Chairman's report is, rightly, somewhat downbeat. It focuses more on the end of the round, but how do we get there? HK needs to make substantive progress on AD, as on all areas of negotiation.

What would a substantial outcome at Hong Kong look like? Agree with the Chair's assessment that Hong Kong will not itself adopt a legal text. We should now seek agreement on areas where improvements are necessary, together with a clear indication of what those improvements should be.

We now need to face the difficulties head-on rather than just postponing the trouble. There is very little time until HK and we need to start moving if we are to have any real progress by then. We suggest that we start work in September to reach agreement by HK on those issues where we will agree at HK to launch so-called text-based negotiations.

Trade Facilitation

Appreciated the report presented by Ambassador Noor. Accurate reflection of the work carried out so far. EU shares the assessment that this negotiation is moving forward slowly, quietly but in a constructive and consensual way. Trade Facilitation, while remaining largely below the political radar screen is now recognised by most as being a subject that promises to bring important gains for all members.

We look forward to continuing in the autumn to bring together the various proposals now on the table, and to continue to provide technical assistance on trade facilitation, a key part of the mandate.

Geographical Indications

It is not an exaggeration to say that the negotiations are nowhere, be it on the register, despite the clear commitment in the built-in agenda, or on

extension, where certain Members are even opposing the launch of negotiations, or in the context of the negotiations on agriculture. GIs are important for farmers engaging in quality production everywhere in the world. For the EU, strengthening GI protection and giving our farmers a market instrument to compete is one of the very few offensive objectives we pursue with respect to agricultural market access. Several developing countries also stand to gain substantially from an extension of protection for products other than wines and spirits. So GIs are part and parcel of a development round. To avoid continued real or pretended misunderstanding on this, the EU has now tabled complete proposals, in legal draft language. We hope that this will finally allow real negotiations to start.

Trade and environment

Negotiations on Environmental Goods have been picking up momentum. We should aim for Hong Kong to have an agreed list of environmental goods for which special tariff treatment will apply.