

OCDE

ORGANISATION DE COOPÉRATION ET
DE DÉVELOPPEMENT ÉCONOMIQUES



OECD

ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

C/M(99)12/ANN 15

UNCLASSIFIED / NON CLASSIFIÉ

CONSEIL AU NIVEAU DES MINISTRES

26-27 MAI 1999

POINT 5

**COMMERCE, INVESTISSEMENT : DEFIS ET OPPORTUNITES POUR LE SYSTEME MULTILATERAL,
ET OBJECTIFS POUR UN NOUVEAU CYCLE DE NEGOCIATIONS COMMERCIALES
DE L'OMC**

PORTUGAL

Déclaration

**M. Francisco SEIXAS DA COSTA
Secrétaire d'Etat aux Affaires Européennes,
Ministère des Affaires Etrangères**

⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕ ⊕

COUNCIL AT MINISTERIAL LEVEL

26-27 MAY 1999

ITEM 5

**TRADE, INVESTMENT: POLICY CHALLENGES AND OPPORTUNITIES FOR THE MULTILATERAL
SYSTEM, AND OBJECTIVES FOR A NEW WTO ROUND**

PORTUGAL

Statement

**M. Francisco SEIXAS DA COSTA
Secrétaire d'Etat aux Affaires Européennes,
Ministère des Affaires Etrangères**



S. R.
SE 4E SE 2AC D 4 000 FA

MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS

DIRECÇÃO-GERAL
DOS
ASSUNTOS COMUNITÁRIOS

5. Trade and investment

Topics of intervention

- These Ministerial meetings of the OECD constitute an opportunity for its Members to reaffirm the importance of the multilateral trading system in the development of global economy.
- The multilateral trading system has, in five decades, provided the framework for the development of trade relations in an interdependent world. Since the creation of the system, trade has grown seventeen-fold while direct investment, in the last decade alone, has been multiplied by five. The system has been crucial for the promotion of growth, prosperity, employment and economic stability.

Needless to say, to these aims has also largely contributed the role of the OECD.

- Overall, the multilateral trading system has brought beneficial results to both consumers and economic operators, reducing tariff and non-tariff barriers, introducing a more transparent and predictable regulatory framework and improving the protection of intellectual property rights.
- What should we expect from the next round of negotiations, due to begin by the end of the century?

It should be reminded, in the first instance, that negotiations are not an end in itself and should lead to results that are adequately implemented. The credibility of the multilateral trading system largely depends on the capacity of the World Trade Organisation to ensure this aim.

The new multilateral round should pursue objectives of trade liberalisation, together with those of strengthening the role of the multilateral trading system.

- The new round should bring positive results to all. To achieve this, a comprehensive approach, leading to a single undertaking, is necessary. Only this approach can provide guarantees that all interests will be contemplated in a final negotiated solution. Only by establishing a comprehensive agenda a climate of trust can be created as regards the benefits that can derive, to all WTO members.

In addition, the new round should strengthen the role of the World Trade Organisation, and show its importance and potential to civil society. It is therefore



S. R.
MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS

DIRECÇÃO-GERAL
DOS
ASSUNTOS COMUNITÁRIOS

essential to ensure the transparency of the negotiating process and to guarantee public debate on all questions relevant for the negotiations.

Traditional issues

- We should continue the process of liberalisation that was developed in the eight previous rounds, with a view to removing tariff and non-tariff barriers that remain in various sectors.

In this context, the importance of services for the economy is well known. A strong services sector is essential for a sustainable and homogeneous economy. The process of liberalisation, provided it takes account of different degrees of development, should provide gains to all, whether developing or developed countries.

Agriculture

- The meeting of the Committee for Agriculture at Ministerial level of March 1998 recognised that although progress on Agriculture reform had been achieved since 1987, more still remained to be done.

In compliance with the priority areas upon by Ministers several activities of particular relevance for my country have been developed, such as the widening of the scope of analysis on competition and market issues by incorporating the multifunctional character of agriculture as well as environmental goals and territorial development concerns.

In fact, agricultural multifunctionality has acquired an international dimension, both in terms of the trade effects of policy measures aimed at domestic non-food outputs as well as in terms of the integration of these measures in international trade agreements.

Considering we are on the eve of further negotiations on the international trade system and without duplicating the work of WTO fora, it is of major importance that the Agricultural Committee provide a timely and consensual contribution to the establishment of the operational frameworks for direct policies whose is not confined to domestic food production objectives.

In this context, international trade issues should take into account the domestic role agriculture plays in the achievement of a balanced territorial development and that any framework for multifunctionality should not be a mere abstraction; multifunctionality should give scope to specific characterizations such as the role of agriculture as a supplier of non-goods outputs,



MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS

DIRECÇÃO-GERAL
DOS
ASSUNTOS COMUNITÁRIOS

the pressure and limits for structural and natural conditions, and a requirements for maintenance fo economic activity in disadvantage areas.

These geographical differences confer a territorial dimension to multifunctionality; this territorial dimension shows strong complementarities with other work carried out in OECD, namely on sustainable development.

Agreement on an Understanding covering Agriculture in what concerns Export Credit Arrangements should also be achieved.

Therefore, coordination efforts of these works underway in the organization should be pursued in order to achieve agricultural policy reform and implementation of shared goals and principles as agreed by Agricultural Ministers in March 1998.

New issues

- One of the merits of the multilateral trading system is its adaptability to new situations and challenges. As a dynamic process, it should take into account the new realities of global economy, in particular the links between trade and environment, competition and social matters.

In this field, account should be taken, in a balanced way, of the work conducted by other international organisations, in particular the OECD, both as regards the development of minimal social standards and the respect for the increasingly important environmental concerns.

Given the particular importance of these issues for the sustained and balanced development of the economy, a compromise on these subjects should be sought within the framework of the WTO, although the disquiet that some developing countries have indicated as regards the inclusion in the new round of the so-called new issues.

Investment

- I would like to reaffirm our interest to adopt a multilateral Investment framework that guarantees the necessary predictability and security for investors.

Without prejudice to the work taking place at WTO, that we hope may lead to negotiations through a broader participation of members in the new millennium round, it is our understanding that the ongoing revision of the guidelines regarding multinational enterprises at OECD will have a positive effect in the investment world.



MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS

DIRECÇÃO-GERAL
DOS
ASSUNTOS COMUNITÁRIOS

The OECD as a wide dialogue forum, and having consideration for its previous experience, will undoubtedly contribute to the creation of this multilateral framework and at the same time respect the interests of civil society.

LDC

- Finally, I would like to stress that the increased participation of developing countries in the multilateral trading system should be seen as a priority for the new round, since it would open the way for these countries to consolidate their economies, while contributing to strengthening the system as a whole. The participation of these countries in the definition of the objectives and modalities of the new round is, therefore, essential.

Attention should also be paid to the difficulties raised by some developing countries as regards the implementation of their respective commitments. We should be open to examining ways of facilitating a better implementation of the agreements, by improving the application of the provisions concerning special and differential treatment. However, this should not lead to reducing commitments already established.

Overall, it is legitimate to expect that developing countries will assume commitments comparable to their levels of development, and contribute to the re-enforcement of the multilateral trading system. It is well known that countries with more open markets and better integration into the multilateral system, attain higher levels of economic growth and stability. So, it is essential that developing countries participate actively in the next round, and consequently we must continue to draw their attention to the benefits of trade liberalisation.

Furthermore, given the limited participation of the least-developed countries in the multilateral trading system, their integration into the system should be considered a priority. In our view, it is necessary to seek a compromise on this matter between all members of the World Trade Organisation, both as regards market access, as well as the need to provide support to their capacity-building and technical assistance, in cooperation with other international organisations.

In particular we consider that technical assistance is essential to the integration of these countries into the multilateral trading system.

- The contribution of the multilateral trading system to stable and continued economic growth is an undeniable reality. This applies to both the economies of developed and developing countries.