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

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Or. Eng.

Attached is a report on Trade prepared on my responsibility as Chairman of the Trade Committee. I have drawn it up following discussions in the Trade Committee on the matters covered. It is in the form of my personal sense of the Committee's views. As such, I have tried to summarise what I hope would be a broadly representative view on key trade issues, including the approach to the Seattle Ministerial and a new trade Round.

Arne Rodin
Chairman, Trade Committee

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

1. There was vigorous endorsement of the need for a new Round of multilateral negotiations to be launched at the upcoming Third WTO Ministerial Meeting in Seattle at the end of this year. All countries have a vital stake in such a Round. It promises to bring real benefits to participating countries and their citizens. It is needed to prepare for the realities of the 21st century. Delegates agreed that the Trade Committee should reinforce its work in support of a successful launch to the Round. They also urged the OECD and its Members to intensify their efforts to raise public understanding and awareness of the benefits of an open, rules-based system embodied in the WTO
2. Recent financial crises and trade tensions have only served to underline that the international system more than ever needs transparent and binding rules-based liberalisation as a pillar of development and a bulwark against instability and protectionist pressures. Delegates also noted that at a time of uneven growth and growing imbalances, some such pressures have persisted. They reaffirmed their utmost commitment to resist these, and called on their trading partners to do the same.
3. They stressed the fundamental importance of ensuring full and effective implementation of existing Agreements. They urged also that utmost efforts be made to resolve bilateral trade tensions within the framework of the WTO. In this context, it is all the more important that Members adhere fully to the Dispute Settlement System and support its effective functioning. The opportunity afforded by the DSU review to be completed in July of this year, is vital in this regard.
4. The objectives for a Round should be to achieve substantial liberalisation, to further strengthen and consolidate the institutional and legal framework of the WTO, to keep its agenda relevant to rapid changes in the world economy, to advance sustainable development, and to ensure thereby a fair and more open multilateral system that works for the benefit and welfare of all its Members and their peoples.
5. The interests of all participants - developed, developing and transition economies - must be taken into account through a balanced and inclusive agenda for negotiations. It needs to be capable of yielding ambitious results that will comprehensively and manifestly benefit all. In this context, Delegates strongly encouraged developing country participation. They noted that involvement in a Round held out potential for real gains to them. These gains will be vital to help generate growth and contribute to poverty reduction. At the same time, Delegates recognised the need to support capacity building as part of a strategy to ensure that such gains should fully accrue. Particular priority should be accorded to the special needs of least developed countries in this regard. Delegates stressed that the full scope of the agenda remained open to discussion in the preparatory process. They underlined the importance they attach to fostering a climate of dialogue. To this end, they urged all WTO Members to come forward with their proposals as soon as possible.
6. From their current perspective, Delegates felt that in addition to further important negotiations foreseen in the built-in agenda covering such areas as agriculture and services, negotiations on industrial tariff and non-tariff barriers would be warranted to achieve improved market access on a broader front. Further liberalisation of industrial tariffs should lead to both substantially lower duty rates at the national level and to more uniform duty rates as between all participants in the trading system. They recognised the importance of addressing trade-related regulatory issues and the potential gains from trade facilitation efforts.
7. At the same time, there is a need to ensure that policies in such areas as investment and competition effectively buttress, and thereby secure, real access to markets. Forward work in such new

areas should make a significant contribution to enhancing the transparency and stability of rules-based liberalisation. A Round should also contribute solidly to enhancing protection and preservation of the environment.

8. Delegates also emphasised the need to keep pace with fast-changing trade conditions. In the case of electronic commerce, they stressed the importance of its continued positive expansion. They reiterated their support for work underway in the OECD, as well as for the WTO's May 1998 commitment to a moratorium on application of customs duties to electronic transmissions, and completion of its work programme in time for review at the end of this year.

9. Institutional reform in preparations for the Ministerial and as part of a Round will also be essential both for building public support for liberalisation and for ensuring a stronger framework responsive to future challenges.

10. In this regard there is a welcome opportunity to promote greater openness and transparency in the multilateral system, both in the preparations for Seattle and beyond. In that context, Delegates affirmed their commitment to active and positive consultation with their citizens and stakeholders in the lead-up to the Seattle Ministerial and with respect to a Round.

11. There is also a need to more fully integrate the objective of sustainable development into the multilateral system, thereby ensuring more operationally effective and mutually reinforcing approaches to trade, environment, development and growth. Closer co-ordination between the WTO and other international institutions in support of policy coherence will enhance the scope for maximising benefits from the system. This should contribute to further achievement of the objectives of the WTO by way of, *inter alia*, facilitating better living and working conditions. Ongoing collaboration between the WTO and ILO Secretariats has an important part to play in light of common and mutually supportive goals of promoting greater respect for internationally recognised core labour standards and continued liberalisation.

12. Delegates saw a new Round as being achievable within a relatively short timespan. They stressed the importance of the trading system continuing to be responsive to new trading conditions and to meet the expectations of stakeholders in the course of its work to achieve a balanced and ambitious outcome overall. They noted the progress made in pursuit of a WTO agreement on transparency in government procurement, and that its conclusion would be a contribution to greater efficiency and international coherence.

13. Delegates urged that the months ahead be used to prepare effectively for the launch of a new Round to build the necessary consensus domestically and with trading partners. They also recognised the value of leading by example in the context of preparing for liberalisation, and commended those countries which had effected, or were currently undertaking, liberalisation measures in advance of a Round. In this context the desirability was noted of considering such steps in advance of the launch of a Round at Seattle, including measures in favour of the least developed countries.

14. The widening of the WTO membership over coming months, in accordance with established WTO rules and practices, would not only be an inherently beneficial step but also a particularly positive boost to a new Round. Where accession negotiations are not concluded before the launching of a Round, it would be desirable to provide for such accession negotiations to continue, as well as to enable these partners, as has been done in the past, to participate in a new Round.

15. Against that background, Delegates stressed the important role that the OECD can play in consensus building, not only between Members but also with non-Members in the context of outreach. It was vital, therefore, that the analytical resources of the OECD should be harnessed in support of the

multilateral system, with full use being made of the Organisation's particular strength in cross-cutting interdisciplinary work. This provided an important means for governments to assess their policy options.

16. There was endorsement of the solid progress on pathbreaking analytical work on Trade and Environment and Trade and Competition. Delegates looked forward to completion of the major tariff study project, and to the ongoing work on barriers in trade in services, trade and agriculture and non-tariff barriers. They took note of the factual updating to be undertaken in relation to the OECD study on Trade, Employment and Labour Standards.

17. They welcomed the intention to share the OECD work on market access and on trade and competition in two outreach events with non-members later this year. It was felt that work in such areas together with other projects under way in the Organisation (such as on bribery and corruption, regulatory reform, corporate governance, voluntary codes of conduct, investment and policy coherence) should be available also to the wider public at a suitable time and in an appropriate form. As such there was scope to provide a helpful input to informed public discussion on the issues concerned.