

Lamy sees “new dynamic” emerging in negotiations

27 July 2010

TRADE NEGOTIATIONS COMMITTEE

Director-General Pascal Lamy reported to an informal meeting of the Trade Negotiations Committee on 27 July that “after some months of impasse in negotiations, my own sense is that we are beginning to see signs of a new dynamic emerging”. He called on negotiators to “build on the new dynamic by expanding the small groups discussion to all areas,” adding that “somewhere around mid-October would be a good time to evaluate our progress”.

As indicated in my fax to you of 7 July I thought it useful to assess at this meeting the latest developments in the DDA and together consider where we are and where we will be going in the autumn.

Let me first report to you on my recent activities and meetings, including a Green Room meeting yesterday afternoon, before we engage in an exchange of views on the work and next steps in the negotiations.

As you know, I recently attended the G20 Heads of State and Government in Toronto. In my fax to you of 29 June I provided you with an initial account of my message to the Leaders and of my impressions of the discussions in Toronto. I also attached the overview of the state-of-play which I prepared for the Leaders' Summit.

My message to Ministers and to Leaders in Toronto was simple — (i) growth is needed to create jobs without greater strains on national budgets and that trade offers this; and (ii) concluding the Doha Round has to be an integral part of the G20 co-ordinated strategy to move forward.

Over the past few weeks, we have all taken note of the attention given to the state of the Round in many other quarters around the world. For instance, Heads of Government of the Caribbean Community and Heads of State and Government of the African Union at their recent respective summits have highlighted the central importance of the DDA to their respective memberships. These Leaders have expressed concern at the slow progress in the negotiations and urged us to move towards a conclusion as soon as possible. Such continued attention to the DDA is a powerful reminder that failure to conclude this Round would have a direct and tangible negative impact on a very large number of our Members.

Overall, what is clear from all these discussions is an overall desire to move the DDA negotiations to a balanced and ambitious conclusion as soon as possible, consistent with the

mandate and based on progress already made. At the same time I believe it is healthy to note the reality that faces us — namely that gaps remain on the right level of ambition and on the right balance in the contributions by Members.

Here in Geneva, we are working according to the “cocktail” approach that was agreed at the March Stocktaking. We have all the ingredients — smaller groups in variable geometry, bilateral contacts and my own consultations — and we have been working to combine them. These ingredients have to be given space and time. However, their purpose is to energise the multilateral process, into which they must feed. All my recent contacts have made it crystal clear that everybody emphasizes the centrality and primacy of the multilateral process, ie the negotiating groups and the TNC.

After some months of impasse in the negotiations, my own sense is that we are beginning to see signs of a new dynamic emerging. This new dynamic is built on the discussions that some of you are having over different topics in different configurations. I believe these explorations are useful.

Clearly, it is too early to say whether this new dynamic is firmly rooted and can expand to all issues under the negotiating agenda which still lag behind in terms of maturity. It is also too early to see how you engage on horizontal trade-offs across different areas. Nevertheless, I believe that if this process lives up to its promising beginnings then Members will have to be prepared, when the time is right, to start testing “what ifs”.

The objective of this process will be to reach a level of ambition and balance that you are all looking for. This, in turn, will mean that during this autumn you will need to bring your engagement to a higher gear by going deeper and wider into your discussions. My sense is that you should attempt to build on the new dynamic by expanding these small groups discussions to all areas. And I stress again that all these efforts, promising as they may be, must come back to the Negotiating Groups and I think that somewhere around mid-October would be a good time to evaluate our progress.

Let me now turn to each of the negotiating areas and provide you with a brief outline of the state-of-play as well as an insight into the process for work after the summer break as envisaged by Chairs of the Negotiating Groups.

First, the work in **Agriculture** remains on two tracks — templates and on the bracketed or otherwise annotated issues on the draft modalities. On templates, and on the associated work on base data, Step 2 on drafts of the actual proposed formats for the scheduling process has been engaged: Members are actively involved; “road-maps” have now been proposed for developing draft templates for domestic support, market access and export support. There has also been progress on base data and its verification. On the modalities, the Chair has continued his consultations, including in the area of SSM where some technical issues remain under discussion, on the basis of submissions from Members.

The Chair will again convene open-ended informals early in the Autumn on templates and base data. In addition, he will keep consulting on the bracketed and otherwise annotated issues in the draft modalities. And, as usual, he remains available for “confessionals” on possible technical ambiguities in the draft modalities

On **NAMA**, the Negotiating Group met during the week of 12 July to discuss NTBs. A significant number of contributions were received from delegations as a result of which substantive discussions were held. In brief, on the Horizontal Mechanism a proposal by four Members (so-

called middle-grounders) which attempts to bridge a gap concerning the role of WTO Committees has been well received. I believe that Members recognized that the submission provided a constructive contribution. On Remanufacturing, the focus was on the definition of remanufactured goods which is a key issue to many Members and this has generated a lot of comments and questions. On two of the TBT-related NTB proposals (Electronics, Autos), positions continue to be at odds about the way certain objectives are to be met. In this context, the cross-cutting issue of international standards was also dealt with in some depth based on two contributions. Concerning chemicals, Members are still in the question/answer phase but I believe that a more in-depth discussion of the two proposals on the table will take place at the next session.

Overall, on the NTB discussions, it appears that Members continue to be in an educational phase in respect of some areas, and are making progress in deepening their understanding of the various proposals and their implications. In other words, while the pace may be considered slow, it is steady and there is engagement by Members.

In terms of future work, the next NAMA week is scheduled for the week of 20 September and will focus on NTBs. There is also a plea from the Chairman that Members do their best to circulate their contributions well in advance of that meeting. This will help not only their colleagues better prepare but also help the Chairman better organize the work for that week.

Turning to **Services**, delegations have engaged in useful work over the past few weeks. Although there has not been a considerable level of activity in the request/offer negotiations, work has advanced in other areas. On the implementation of LDC modalities, a new version of the draft text has been submitted by the LDC Group and discussed in the Special Session. The text sets out LDC positions on a number of key issues including scope, duration, rules of origin, and potential beneficiaries. The Chairman will continue consultations on the draft after the summer break.

On the rule-making front in Services, technical work has been continuing on domestic regulation, based on the Chair's annotated text, together with proposals by Members and contributions from the Secretariat. The latest discussions have revealed a sense of focus in resolving some of the outstanding issues, and a desire among Members to move forward. The Chair will continue to conduct similar discussions on the basis of a work programme he has proposed to the group.

Technical work has also continued on emergency safeguards, subsidies, and government procurement. More focused work is foreseen after the summer recess.

On **Rules**, the Negotiating Group last week elected a new Chairperson, Ambassador Dennis Francis of Trinidad & Tobago, whom I would like to welcome to the job. He has begun his work with a plenary informal session on the way forward, as well as by holding intensive bilateral consultations with some 20 individual delegations or groups that had requested to see him. After hearing the views of delegations, he has decided to intensify the work of the Group in the fall, with a session on fisheries subsidies in the week of 4 October and a session on anti-dumping and horizontal subsidies back-to-back with the Rules Committees in the first week of November.

On **Trade Facilitation**, work continued with a negotiating session during the third week of July. Members concluded their second review of the GATT Article X-related proposals and started to look into the GATT Article VIII area. They equally addressed several aspects of the S&D pillar.

Negotiations are expected to move forward after the summer break with additional sessions in October and November/December. Delegations will review outstanding elements of the Draft Consolidated Text with a view to cleaning up the language and reducing the number of brackets. Special attention will be paid to the S&D section as an area of particular concern.

In the area of **Trade and Environment**, the CTE in Special Session met informally on 30 June and 1 July. Several new submissions were discussed under Paragraph 31(iii), including on the “universe” of environmental goods of interest, as well as on the issue of S&D treatment. These new submissions create some momentum to take the discussion forward on this part of the mandate. At the next CTESS in September, Members will need to start reviewing what is on the table. There also seems to be interest for addressing certain technical issues relating to the identification of environmental goods. With respect to NTBs and development-related issues, further outcome-specific proposals will be needed in order for the Committee to make progress on these aspects.

On Paragraph 31(i), the Chair will hold some dedicated discussions on clusters of issues drawn from Members' proposals, with the objective of achieving more clarity and specificity in view of the text-based negotiations foreseen under the work programme. These discussions will be held in September.

In the negotiations on the **establishment of a multilateral system of notification and registration of geographical indications for wines and spirits**, the TRIPS Special Session is scheduled to hold its next formal meeting on 28 October. It is expected that delegations will continue the factual technical discussions initiated at the June meeting on the two sub-questions posed by the Chairman regarding legal effects/consequences of registration. Let me recall that the first sub-question concerns how domestic trademark and GI authorities currently operate and how their operating mode may be affected by different ways of what we call “taking into account” the information on the register of geographical indications for wines and spirits. The second sub-question concerns how domestic authorities are currently dealing with the substantiation of claims of genericness of a term in procedures of registration and protection. Prior to the formal meeting, in the week of 11-15 October, the Chairman will hold a round of informal consultations to be followed by an open-ended informal meeting as usual.

On the Work Programme on **Special and Differential Treatment**, the Chair is continuing his consultations in small groups as well as in open ended meetings, on both the elements of the Monitoring Mechanism and on the Agreement—specific proposals.

On the Monitoring Mechanism, the discussion have focused on fine-tuning the elements of the Mechanism based on the Chair's non paper of 30 April 2010. Although, on some issues positions remain divergent, Members have engaged constructively, and the Chair will continue his consultations after the summer break. Similarly, the discussions on the Agreement specific proposals are proceeding on the basis of the language which was last tabled by the Chair as an Annex to his reports to the General Council and the TNC. Here too the Chair intends to continue his consultations in order to close these gaps.

Lastly, **Dispute Settlement**, following the summer break, the Chairman intends to hold a series of DSU negotiation weeks. These will continue combining informal consultations with groups of variable geometry depending on the subject being discussed, and regular informal meetings of the DSB Special Session to ensure full transparency and inclusiveness for all Members. The first DSU negotiations week after the summer break will take place in the week of 20 September. It will revert to outstanding aspects of sequencing and effective compliance,

and will also address a third issue, which the Chairman intends to announce shortly.

As regards the consultations which I am holding on the two **TRIPS implementation issues of GI extension and TRIPS-CBD** in my capacity as DG and not as TNC Chair, it is my intention to continue to follow up with Members on how to best proceed and I will keep you informed.

Looking ahead to our work after the summer break and the challenges in the last quarter of 2010, all negotiating groups already have work plans or are in the process of establishing these.

When you come back refreshed in September we will need to start turning these plans into real progress by intensifying engagement. As I said earlier, we have all the ingredients of our cocktail. The mood music has become a bit more upbeat. Now we need to move from stirring the cocktail to shaking it vigorously, vertically and horizontally.

Source WTO