

Overseas Market Information



“Doha round negotiations and perspectives” on WTO Seminar Secretary of Economy, Auditorim Raúl Ramos Tercero, Mexico City

The expectation of travelling to Mexico City always brings to one's minds the idea of a bustling, modern and busy capital. It also brings to mind the history of this city, its impressive buildings, its Museum of Anthropology, with objects reminding us of the rich Aztec culture, its temples and mythology.

This is my first visit to Mexico since I took office as Director General of the WTO in September 2005, and I am very pleased to be here. I have come to tell you about the negotiations of the Doha Round and to ask for your support. We are at a crucial moment of the negotiations, and I need all the support I can get – primarily of countries like Mexico. And I am sure that some help from the Aztecs Gods of nature, rain and agriculture, whose beautiful images are displayed in that Museum, would do us no harm.

Since its launching in Doha, Qatar, in 2001, these negotiations have not been an easy endeavour. But we have been learning a lot in the process, and I am convinced – looking back with the advantage of critical distance – that events such as the Cancun Ministerial Conference, in 2003, have had a positive effect to the potential outcome of the Doha Development Agenda. What can be achieved today is more balanced and at the same time more substantial than what was proposed four years ago – but it was necessary to go through those events. We have learnt quite a lot in the process, with the milestones of the July 2004 framework agreement, in Geneva, and the results of the Hong Kong Ministerial Conference in December 2005.

The suspension of the negotiations in July of last year imposed on us all a period of reflection which, in retrospect, was also important to safeguard the achievements of the past years. And then, in January of this year, we were able to resume the negotiations in full mode. This shows that our Members are still confident in the potential of the Round. But it should be clear that some difficult trade-offs and technical work remains to be done in the near future.

Current Developments

Since February, the negotiations have resumed in full mode in all negotiating groups. Members are also working bilaterally, touching base and checking the impact of possible compromise numbers on products of their major export interests and main import sensitivities. There is also renewed engagement and support at the highest political level. Over the last few weeks, the US, EC, Brazil and India have held bilateral contacts in London and Geneva at Ministerial level. The day before yesterday, in Jakarta, from where I am now arriving, a group of Ministers from developing countries met to discuss specific issues on Agriculture. On my side, I have been having separate meetings with many Ministers – including with Secretary Sojo this morning - on numerous occasions since the resumption of the negotiations. From all of these meetings, in different formats and configurations, I know that some progress has been achieved in testing hypothesis, approaches and formulae.

While this can be helpful in contributing to the advancement of the negotiations, it is taking place at too slow a pace. Time is not on our side, and many WTO members are becoming increasingly impatient. The multilateral process of negotiations must therefore kick-in at full speed, and the Chairpersons of various negotiation groups must come into the centre stage. We need to speed up the process so as to grasp the window of opportunity which closes at the end of June with the expiry of the US Trade Promotion Authority.

The potential of the Doha Round

I would now like to refer briefly to the main issues under negotiation. Three issues are at the forefront of the discussions at this moment : agricultural subsidies, agricultural tariffs and industrial tariffs. Work is also on-going on trade in services to prepare the improved offers that each country should table in order to be ready for negotiations on the specifics of further market opening.



Furthermore, there is work in the areas of Antidumping, Subsidies – including Fisheries subsidies, Trade Facilitation or Trade and Environment, with development being like a red thread through all of them.

Starting with agricultural subsidies. What is already on the table today is pretty impressive, albeit not enough to lead us to the final success. In this part of the negotiations, the ball is very much in the court of the United States. The US must offer deeper cuts in its agricultural subsidies beyond its current proposal. Other countries will then follow suit.

One word on export subsidies. It should not be forgotten what has already been achieved, but is pending the final conclusion of the Round : the elimination, by 2013, of the most damaging type of subsidies, the agricultural export subsidies. A substantial part of them should already be gone by 2010, according to the agreement already on the table. I should say that there are also some important remaining issues in the export-subsidy part of the negotiations, like export credits or the rules on state-trading enterprises.

On agricultural market access, it is mainly for the EU and the G-10 (including countries like Japan and Korea) to agree on greater cuts in tariffs and enhanced access to their internal markets, beyond their current positions. Also on this part of the negotiations, India and the G33 – who were meeting in Jakarta this week, as I mentioned – must also make a contribution. They need to ensure that the special protection, which has been already secured for their most sensitive agricultural products, does not negate the overall objective of providing increased market access opportunities, as agreed when we launched the Round in 2001.

As far as industrial tariffs are concerned – this is the area we commonly call NAMA, or non-agricultural market access – the expectation is to see large developing countries, amongst which some of the members of the G20, like Brazil, India and Argentina, to agree on cuts in their import tariffs. Again, the necessary flexibility will be considered for some products, but the idea is that industrial tariffs are cut automatically, according to a new technology called the Swiss-formula, which cuts more on the high tariffs and less in the lower ones.

These are only the main areas in the negotiations, the locomotives of the train has many other (and no less important) wagons, such as services – of special interest to the Mexico –, rules on antidumping etc., as I mentioned above, which await a push to move into the final destination.

What's in it for Mexico?

In a country whose foreign trade is largely covered by an impressive network of preferential agreements – according to the notifications made to the WTO, Mexico has some 12 free trade agreements with 44 countries – one could rightly ask : why do we need the multilateral trading system, what's in it for Mexico in these negotiations?

There are many answers to that question, but the one, most direct one is : because the WTO and its rules provide stability to all of its Members, because the WTO is the basis of international trade. The very concept of “preference” of bilateral or regional agreements is constructed on the assumption that there is a basis – and the preference is only the “plus”. The basis is the multilateral system provided by the WTO.

In more practical terms, and going directly into a issue of specific importance for Mexico, the WTO is the only international forum where government subsidies are disciplined – and commitments to reduce them are undertaken. For a country like Mexico, which has opened or is opening its borders to imports of many products under preferential agreements, the WTO and the current Round are the only forum where agricultural subsidies granted by major developed countries can be tackled.

The same can be said about trade remedies. Multilateral rules on antidumping, anti-subsidies, as well as safeguard measures are of utmost importance in a country which has liberalized its trade regime. Mexican authorities have understood this and have strengthened their investigating mechanisms. The improvement of rules on antidumping is hence another area of specific interest for Mexico.

In Services, an area of growing importance for several large developing countries, Mexico has potential gains in several sectors (audiovisual, computer services, construction and



engineering) and has been playing a constructive role in the negotiations – not least through the Chairmanship of Ambassador Fernando de Mateo. Of specific interest to Mexico is also the so-called Mode 4 issue, which deals with the provision of professional services by individuals in foreign markets.

Another area of specific interest to Mexico is Dispute Settlement. Mexico has been one of the most active Members of the WTO in trade disputes, having started 17 cases and being the respondent in 14 of them. The last request of consultations by Mexico (with China on export subsidies) is a good example of the fact that there is no replacement for the multilateral trading system, even for countries with a vast array of bilateral agreements. I should also mention Mexico's very active participation in the negotiations to improve the rules on dispute settlement. Mexico's competence, initiative and authority in these talks are recognized by all and much appreciated.

To sum up, the current negotiations are of both a systemic and specific trade interest for Mexico. In systemic terms,

Mexico will benefit with improved, more stable and balanced rules and disciplines, in particular in Agriculture, Antidumping and on Dispute Settlement. In addition, the current negotiations have the potential of new market opportunities for Mexico's goods and services exports.

Conclusion

The Doha Development Agenda is the biggest challenge for the WTO since its creation in 1995. It is a challenge to achieve what was started in the Uruguay Round : a more level playing field in areas of particular interests to developing countries, such as agriculture. It is a challenge because it touches the edge of some of our Member's most entrenched interests. It will therefore take a great deal of political courage and commitment to conclude this Round successfully. We are not very far from that success – but this is the final stretch, and as in so many human endeavours, the last part is the most difficult. I truly believe that this can be achieved, and I count on the support of Mexico – and on the good vibes of its divinities.

[Source : World Trade Organisation (WTO), Geneva]