

ADDRESS BY EU COMMISSIONER DANUTA HÜBNER

G90 Ministerial Meeting Plenary Opening Session

Mauritius, 12 July 2004

Hon. Ministers, Distinguished Delegates and Observers,
Your Excellencies Colleague Ambassadors and Heads of Mission,
Ladies and Gentlemen

First of all I would like to thank the Mauritian authorities and the G90 group for having invited me today to address this audience. A year ago, would have been hard to imagine addressing the G90. You have emerged from nowhere as a major force in world trade talks. The EU supports the notion of the G90 and the reality of the G90, and indeed many of your proposals and ideas.

You are in other words making your mark. I also welcome your efforts to discuss the positions with other WTO partner countries – including those of us you have kindly invited this week. This is of capital importance: insufficient dialogue between WTO members, and inadequate preparation of negotiating positions of the various parties and the lack of mutual understanding all contributed to blocking progress in Cancun. We need to better understand your position; you need to better understand where we are coming from. And we need to meet in the middle.

I would like to go beyond formalities this evening to express a more substantive vision.

We are at a very critical stage of the DDA negotiations. We have a chance this week to give the world a signal that the multilateral system is alive and thriving, and that both the G90 and the EU are committed to results. I know the G90 will be working hard over the next day or so to arrive at a common position, and of course your decisions this week will be crucial for the agreement on modalities in Geneva in 2 weeks time. We hope that the meeting will result in a declaration that sets out clearly G90 priorities and concerns, and that gives a strong and positive impetus to the DDA work programme.

In order for the Mauritius Declaration to contribute to a breakthrough in the WTO it is crucial that it is flexible enough to give latitude to negotiators in Geneva to actually pursue their work. Negotiators need some margin of manoeuvre to reach consensus.

A word now on the main questions:

We agree on SDT; we agree that you should not have to take on onerous new commitments in the DDA. We agree your vulnerable economies need some protection. We agree that the DDA negotiations should not ignore the reality of preferences. And we agree on the importance of technical assistance. All of these points of agreement need to be reflected in the frameworks for end July. If I may say, however, in a number of other areas however the G90 approach appears to us to be either a little too ambitious, too rigid, and in others it leaves insufficient room for manoeuvre to those engaged in the negotiations in Geneva. Doubtless

you feel the same about some of our positions, and that is precisely why we need some serious talking this week.

Let me be clearer. On Development first of all: the EU considers this a cross cutting dimension of the negotiations. We and you have both proposed that in both agriculture and Non Agricultural Market Access, the least developed countries and other weak or vulnerable developing countries in a similar situation – basically the G90 group - should not have to open their markets beyond their existing commitments, but should benefit from increased market access offered by all other countries. More generally, we can support negotiations on special and differential treatment and implementation and can go further.

Trade Related Assistance (TRA) and the Integrated Framework (IF) are also top priorities. We are fully committed to improve TRA delivery and make the IF a very successful instrument. It would be good if your message from Mauritius says two things. First, that it stresses your expectation at improvements in the quality and quantity of assistance. Second, that you commit yourselves to mainstream trade in your development agenda. This is a key way to further the fight against poverty.

As far as the Singapore Issues are concerned, we have now consensus among WTO members that we have to treat each issue on its own merits. Trade Facilitation is clearly useful for all members of WTO, and I would hope you agree, a key tool for development. We are ready to take on board concerns you have about possible costs of measures, the need for aid and so on. But let me dispel three myths.

First, trade facilitation is about saving money, both for companies and for the customs, not about extra costs. Simplification is cheap, not expensive. Secondly, trade facilitation is not about access to developing country markets. That is not a target for us. It will be mainly of value to your companies, especially small ones, trying to export. Thirdly, even without a WTO agreement, we are already committed to major development aid projects in this area. A WTO framework will have the added value of bringing in the private sector as investors and set some agreed targets for that aid. This is a once in a lifetime chance for us to negotiate some really useful procedures for our companies. I welcome therefore the openness and flexibility you are now showing on this subject.

Regarding the other 3 Singapore Issues we can go along with dropping them from the Single Undertaking and even the DDA. But in our view they should remain somewhere part of the WTO Work Programme. These are important subjects and totally trade related. It is after all hard to explain that for services we have rules on investment because of the way that the GATS is structured but that we still don't have anything for manufacturing. Perhaps if they are completely de-linked from the Round we can have a more sane discussion of them, and I for one look forward to that.

Again, I see some willingness on your part to consider continuing work under the regular WTO programme. If you can confirm this here in Mauritius this will be read as a very good sign of your willingness to be constructive and compromise. You have to recognise that the EC has

been very flexible in accepting to give up negotiations on these issues in the Round. We ask you to meet us not half way, but a quarter of the way on this.

On NAMA: WTO members must make contributions corresponding to their capacity and level of development. We should not ask for tariff reduction from the weak and vulnerable developing countries. What we are looking for is tariff bindings to provide predictability in world trade. Preference erosion problems also need recognising and others should match our Everything But Arms initiative. I think we see eye to eye on these issues.

But one thing is worth emphasising: the NAMA/Derbez text which is on the table includes all these points. It requires negotiators to take account of concerns regarding preferences; it absolves most G90 countries from any market access reductions, it contains strong SDT and duty free pledges. My basic message to you on NAMA therefore is look carefully at the Derbez text. Since your vital interests – both offensive and defensive – have been reflected in this text, my advice would that we should avoid the risk of unravelling the text, and of throwing the baby out with the bathwater. Don't let the best be the enemy of the good, particularly as there are others who have a different view of what "good" is, in this context.

On Agriculture: the EU supports many of the ideas expressed in the draft Kigali declaration, including on sensitive products, allowing the use of safeguard clauses, providing free access to the European market of products coming from LDCs, reducing tariff escalation, and simplifying tariff quotas. The EU has consistently attempted to ensure that the agriculture negotiations reflect the development dimension, thus our proposal to put export subsidies on the table provided other big subsidisers take fully equivalent action. Full parallelism is important to us. As far as our diverging points, we do not entirely understand your resistance to using a blended formula as the basis; it is the formula allowing for the most flexibility on products important for developed countries. Not agreeing on this flexibility implies reducing the advantages of preferential access.

On domestic support, the EU is ready to reduce considerably trade-distorting support, locking in place and making irreversible the major reforms of the CAP adopted these recent years. Nevertheless, domestic support which is non trade distorting should not be affected: we all have interests to ensure that agriculture remains part of our social fabric, and we will insist on the right to support the environment, for example.

Finally a few words about a very important aspect of the negotiations: cotton. The EU is fully committed to find a solution to your problems. We agree that the Round should result in significant reductions in support and in tariff protection on cotton. But if you want results that help the West African cotton producers, the only way you will get results, is by including cotton in the agriculture negotiations where there is leverage, and potential trade offs, and where you can – and in my view, should - demand that it be given priority. On its own, as a self standing issue, I fear it will not go anywhere. Cancun showed that.

Last but not least, the EU shares many of your ideas about strengthening the rules on Anti dumping and subsidies to avoid abusive use, tightening

rules on regional trade agreements, and making progress on small economies, trade debt and finance and transfer of technology. None of these issues however need decisions in WTO in July.

Honourable Ministers, Ladies and Gentlemen, I hope that the Community's input today will be useful in your work. We share the goal of harnessing the potential of global trade for the benefit of developing countries and the reduction of poverty. The EU is ready, as shown in the Lamy/Fischler letter, to make sure that this round benefits your countries at an extremely modest price for you. Although the negotiations will at times be difficult, our relationship has been tested and proven strong so I have no doubt that together we will find a way. In the European Union you have a reliable partner and friend.

Thank you for your attention.