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on the assessment of the Doha Round following the WTO agreement on 1
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(2004/2138(INI))

Committee on International Trade

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the assessment of the Doha Round following the WTO agreement on 1 August 2004 (2004/2138(INI))

The European Parliament,

- having regard to the WTO General Council Agreement of 31 July 2004,
- having regard to the Communication from the Commission to the Council and the European Parliament and the Economic and Social Committee of 26 November 2003 ‘Reviving the Doha Development Agenda Negotiations - the EU Perspective’,
- having regard to the Commission working document ‘The Doha Development Agenda after Cancún’ of 25 September 2003,
- having regard to its resolution of 25 September 2003 on the Fifth WTO Ministerial Conference in Cancún¹,
- having regard to its resolution of 3 July 2003 on the preparations for the Fifth WTO Ministerial Conference in Cancún²,
- having regard to the Declaration by the Fourth Ministerial Conference adopted on 14 November 2001 in Doha, and having regard to its resolution of 13 December 2001 on the WTO meeting in Qatar³,
- having regard to its resolution of 18 November 1999 on the Commission Communication to the Council and Parliament on the EU’s stance on the WTO Millennium Round⁴,
- having regard to its resolution of 15 December 1999 on the Third WTO Ministerial Conference in Seattle⁵,
- having regard to its resolution of 13 March 2001 containing the European Parliament’s recommendations to the Commission on the agricultural negotiations within the WTO Built-In Agendas⁶,
- having regard to the Sutherland Report on the future of the WTO,
- having regard to its position of 9 March 2005 on the proposal for a Council regulation applying a scheme of generalised tariff preferences⁷,

¹ OJ C 77 E, 26.3.2004, p. 265.

² OJ C 74 E, 24.3.2004, p. 670.

³ OJ C 177 E, 25.7.2002, p. 290.

⁴ OJ C 189, 7.7.2000, p. 213.

⁵ OJ C 296, 18.10.2000, p. 121.

⁶ OJ C 343, 5.12.2001, p. 96.

⁷ Texts Adopted, P6_TA-PROV(2005)0066.

- having regard to the Final Declaration by the Third Parliamentary Conference on the WTO of 25-26 November 2004,
 - having regard to its position of 25 October 2001 on openness and democracy in international trade¹,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinions of the Committee on Regional Development and on Agriculture and Rural Development (A6-0095/2005),
- A. whereas with the agreement reached on 1 August 2004 within the WTO General Council (the Agreement), its 148 members have established a framework for further negotiations in five key areas of the Doha Development Agenda (DDA) and have re-established the confidence lost in the Cancún negotiations, on the basis of a new spirit of cooperation with a view to ensuring the successful conclusion of the Doha Round and the success of the multilateral trade system,
- B. whereas equally far-reaching progress needs to be made on all subjects covered by the Agreement and the DDA Work Programme in general, putting development at the forefront of the negotiations, and whereas the EU needs to stand up for a wide-ranging agenda, aiming at appropriate trade liberalisation, the eradication of all dumping and trade distorting measures, the strengthening of a special and differential treatment and food security safeguard mechanisms in order to prioritise social justice and development and to achieve a greater integration of the developing countries into the world trade system, an objective enshrined in the Treaty establishing a Constitution for Europe (Article III-292.2.e),
- C. whereas a successful conclusion of the Doha Round must contribute to fostering worldwide economic growth and poverty reduction and whereas problems linked to malnutrition, hunger and health need to have greater prominence within the negotiations, in keeping with what is provided for in the UN Millennium Declaration,
- D. whereas further regulation within the multilateral trade system, optimum integration of the developing countries into the world trade system and a better-working WTO have always been the main objectives of EU trade policy,
- E. whereas the deadline for concluding the Round, set as 1 January 2005 in the Doha Final Declaration, has been postponed *sine die*, and a Sixth Ministerial Conference has been scheduled for December 2005 in Hong Kong,
- F. whereas the political effort and the substantial proposals made by the EU, in the shape of Commissioners Lamy and Fischler, was of particular importance in bringing about the Agreement; whereas the progress achieved in the agricultural sphere has not been matched in any other areas,
- G. whereas technical assistance and capacity building programmes play an important role in

¹ OJ C 112E, 9.5.2002, p. 326.

guaranteeing that the developing countries will prepare their respective economies for integration into the world economy, improve their capacities for negotiating, producing and exporting, and increase their internal and regional trade markets and their opportunities to benefit from further trade liberalisation,

- H. whereas the Doha Development Agenda (DDA) could cause erosion of preferences granted by the EU to the ACP countries under the Cotonou Agreement, to developing countries under the Generalised System of Preferences (GSP) and other commercial preference systems,
- I. whereas there has been a lack of progress to date in the Non-Agricultural Market Access (NAMA) negotiations,
- J. whereas the economic importance of services, which are a key area in the Doha negotiations - in themselves and for the overall balance of the DDA- is growing, further opening of the markets also having major potential for developing countries, but it is also important to exclude from liberalisation those services that are essential for the satisfaction of basic necessities, and whereas progress in this area has been disappointing,
- K. whereas the EU has always called for the negotiation of the Singapore Issues within the DDA in the interests of developed and developing countries alike, and whereas the facilitation of trade, by means of adequate technical assistance and capacity-building, favours the export capacity of the developing countries,
- L. whereas the end of the mandate of the WTO Director-General is imminent and a new appointment is accordingly required; whereas furthermore note should be taken of the Sutherland Report on the future of the WTO and the debate in the US Congress on renewing its membership of the WTO and the mandate of its Trade Representative,
- M. whereas on the basis of the articles concerning the Common Trade Policy of the Treaty establishing a Constitution for Europe, the European Parliament will become co-legislator on international trade issues,
- N. whereas the parliamentary dimension is important within the WTO, as a means of creating a link with citizens, in order to enhance the democratic accountability and transparency of the WTO,
- O. whereas the process of globalisation and the role played by the WTO are often misrepresented, and given the importance of wide-ranging consultations of civil society and social partners.
 - 1. Welcomes the Framework Agreement reached on 1 August 2004 by the WTO General Council, and the way in which the Commission successfully concluded the negotiations; reiterates its resolute support for a free and fair multilateral trade system to promote trade and ;to contribute to sustainable development and to the effective management of globalisation for the benefit of all; equally stresses the benefits for developing countries of a multilateral approach to trade policy, as opposed to bilateral agreements;
 - 2. Calls on the Commission to continue to call for rapid progress in all the areas covered by the Agreement, so as to enable it to go to Hong Kong with a balanced, far-reaching

proposal which will place development at the forefront of the debate;

3. Stresses the need to encourage an inclusive, efficient and transparent negotiation process, to which end political initiatives to push the negotiations forward and detailed draft negotiating modalities on agriculture and NAMA are required by July 2005;
4. Asks that the state of play report scheduled by the WTO General Council for July 2005 be strictly factual, so as not to raise false expectations amongst the public, and asks that a date be set for concluding the work of the Doha Round, taking due account of the time required for all the negotiators to prepare themselves, particularly those of the developing countries;
5. Asks that the future negotiations deliver outcomes in all areas of the DDA that genuinely support the integration of developing countries, taking fully into account their concerns and addressing, in particular, the specific problems of the Least Developed Countries, to whose exports duty and quota free access must be granted; equally asks that the outcome of the Doha Round negotiations contributes to the achievement of the Millennium Development Goals by fostering worldwide economic growth;
6. Asks that ways of ensuring the requisite flexibility with regard to the profile of each developing country be explored, and that the IMF, among other organisations, implement the 'trade integration mechanism' designed to allow compensation for losses which these countries may suffer from trade liberalisation;
7. Once again welcomes the increased level of organisation and self-confidence achieved by the developing countries (G20, G33, G90, etc), which facilitates the task of reaching agreements and makes the prospect that the multilateral trading system can be reconfigured more fairly a realistic one;
8. Welcomes the way in which access to the negotiating table has been made easier for smaller delegations; congratulates the Commission on its support for smaller countries, e.g. the Pacific islands, by developing technical assistance programmes there; but urges the Commission to continue working on more transparency and participation in WTO decision-making and to continue to support developing countries in improving their participation;
9. Asks the Commission to consider possibly introducing a 'development box' for the Least Developed Countries into the agriculture negotiations, so that they can tackle food safety and rural employment, which are major issues when it comes to eradicating poverty;
10. Reiterates the need for targeted technical assistance and capacity building as an important element for developing countries in making trade an integral part of their national development policies and poverty reduction strategies, increase their commercial and export capacity, improve their ability to negotiate effectively, facilitate the application of WTO rules and enable them to adjust and diversify their economies;
11. Asks that South-South trade be boosted, given the development possibilities that such trade offers the developing countries, by contemplating the elimination of trade barriers between them, setting up special and differential treatment that allows the strengthening of the supply capacity of least developed countries, and encouraging free access for the

- least-developed countries to the emergent countries' markets;
12. Calls on the Commission to take due account of the erosive effects in relation to preferential margins of the DDA on the Cotonou Agreement and the GSP and other commercial preference systems, draw up a special report investigating the impact of the Doha Round on the Cotonou Agreement and the GSP, and consider what measures should be taken to guarantee the effectiveness of the preferences granted by the EU to developing countries, and especially to the poorest;
 13. Welcomes the agreement on agriculture, and urges the members of the WTO to devote equal attention to the three pillars (export subsidies, domestic aids and market access) and, in July 2005, agree to commit themselves to securing detailed negotiating modalities at the forthcoming Hong Kong Ministerial Conference;
 14. Asks that these measures in respect of export subsidies, domestic aids and market access, be applied in parallel by all developed-country WTO members, so as to avoid unilateral disarmament on the part of the EU, while applying special and differential treatment to the developing countries;
 15. Supports a balanced phasing out of export subsidies, with full parallelism of all forms of export competition by all industrialised trading partners;
 16. Urges the Commission to continue with the planned reform of the CAP and welcomes, with regard to internal support, the fact that this agreement does not undermine either the European agricultural model and the Luxembourg agreement on the reform of the CAP; stresses the need to define the joint measures contained in the 'green box', including decoupled aids, making it possible to uphold the multifunctional nature of the farming industry and supporting both the rural way of life and rural jobs;
 17. Asks that with regard to market access, a just and equitable balance be upheld between the requests of the developing countries and the stability and viability of Community markets; requests, in this connection, that the concept of what constitutes a 'sensitive product' be appropriately and rigorously defined, and that it be possible to maintain commitments as regards customs duties either in ad valorem form or in the form of specific duties;
 18. Stresses the high level of EU market access for agricultural products from developing countries and calls on other developed partners and emergent countries to proceed to further opening up their markets towards the Least Developed Countries;
 19. Calls for the negotiations on geographical indications, which are a key element for orientation towards quality agricultural production and properly benefiting from it, to be fully taken into account in the talks on access to the market in agricultural products;
 20. Welcomes the decision to take a far-reaching, rapid and specific approach, independent of other sectoral initiatives, to the issue of cotton, and likewise the setting up of a specific subcommittee on this issue; these measures should be applied with specific deadlines and be complemented by structural supportive reform programmes for the farmers and the industry in the EU regions affected, with development support measures for the developing countries being taken by the World Bank and the International Monetary

Fund, the UN Development Programme and other international organisations;

21. Calls on the Commission to step up negotiations on NAMA, defining an appropriate formula for eliminating or reducing high tariffs, tariff peaks and tariff escalation, and likewise to study the possibility of partial reciprocity on the part of the developing countries, taking due account of the flexibility they require and applying to them, as to the least-developed countries, the special and differential treatment principle; stresses, furthermore, that important trade and development benefits will be ensured through South-South market opening, particularly on the part of the more advanced developing economies; equally points out the need for the removal of non-tariff barriers, where justified, by all trading partners;
22. Deplores the fact that no specific framework on services has been established, although it welcomes the recommendations adopted, and urges all the members to submit revised, high-quality offers by the scheduled May 2005 deadline, with particular regard to those sectors and forms of supply which are of interest to the developing countries' exports (as provided for in Annex C of the Agreement); asks that the liberalisation of services of public interest be approached cautiously, asks that services related to health, education and the audio-visual sector be excepted and also those which concern people's basic needs, as it is inappropriate to demand that the developing countries liberalise these services in a way which will lead to their being dismantled;
23. States that agriculture is indeed the most important chapter within these negotiations, but points out that this must be the driving force and that progress in this field must be used as leverage and as a negotiating asset in order to make progress in other areas, particularly on trade in services and better access to industrial goods for all WTO members, by effectively reducing import duties and other trade barriers;
24. Welcomes the agreement reached on starting negotiations in the field of facilitating trade, which will improve the export capacity of the developing countries, and recognises that the EU has made a gesture towards the developing countries by removing the other Singapore Issues from the negotiations, but underlines at the same time the potential to negotiate these issues within a multilateral framework, in the interests of developed and developing countries alike; asks that the principles agreed on for Annex D be respected, particularly with regard to special and differential treatment and aid for the developing countries, taking due account of transition periods for applying the commitments and compatibility with those countries' administrative and institutional capacity;
25. Calls for pragmatic, ongoing progress in the fields not covered by the Agreement, such as rules on anti-dumping and subsidies, TRIPs, the environmental dimension of international trade and geographical indications, including on issues related to the extension of their protection to products other than wines and spirits, in line with the Doha mandates;
26. Stresses that, in the current WTO negotiations, greater attention must also be paid to the protection of, and compliance with, intellectual property rights, inter alia in the context of TRIPs; regrets that many WTO countries are still lax in combating trade in counterfeit and pirated goods;
27. Calls for all parties to make every possible effort to achieve agreement with regard to the appointment of a new WTO Director-General by the scheduled May 2005 deadline, so

that the appointment process does not interfere with the progress of the Doha Round negotiations;

28. Stresses the need for a far-reaching reform of the WTO, and views the Sutherland Report as a first step in the preparatory work to create a more efficient, open, democratic and transparent organisation and to achieve a more intensive political involvement in the negotiations;
29. Calls for further institutional reforms in order to upgrade the role of the WTO institutions and improve the decision-making process, the dispute-settlement mechanism and the dialogue with civil society; acknowledges that the WTO must provide adequate information and explanations to civil society on its principles and measures in order to avoid the process of globalisation and the role played by the WTO being widely misunderstood and misrepresented; therefore welcomes the Sutherland report which counters a lot of these criticisms and misunderstandings;
30. Reiterates the need, acknowledged in the Millennium Declaration, to establish closer relations between the WTO and other international organisations, as an essential stage in the process of achieving a different, more sustainable type of globalisation, which will work in the service of common goals and with a view to achieving fully coordinated criteria with regard to the problems of development; believes that in this connection, all members should of necessity respect the rules of the ILO;
31. Believes that close collaboration between EU and the USA is absolutely essential both to the success of the current negotiations, and to the effective operation of the multilateral trade system, and that the US Congress should extend its negotiating mandate and endorse the renewal of the ISA WTO membership; insists, however, that the inclusion of all WTO member states, particularly the G-20 and the G-90 groups, in the decision-making process remains of prime importance;
32. Supports fully the institutionalisation of parliaments within the WTO in order to enhance democratic legitimacy and transparency in the WTO negotiations, since members of parliament can constitute an important link with citizens, in particular as a source of information and response to their concerns;
33. Believes that all the European institutions need to collaborate closely in order to obtain satisfactory results, and calls therefore on the Council and Commission to continue to keep Parliament punctually informed, also throughout the negotiations of the Doha Round and during the Ministerial Conference in Hong Kong, involve it in the discussions to come, and maintain its access to Committee 133 documents;
34. Instructs its President to forward this resolution to the Council and Commission and to the parliaments of the Member States and of the applicant countries, the Director-General of the WTO and the President of the Interparliamentary Union.

EXPLANATORY STATEMENT

Proverbs and songs (XXIX) [Fragment]

"Wayfarer, your footsteps
are the way, nothing else is;
Wayfarer, there is no way,
the way is made by walking."

Antonio Machado, *Campos de Castilla* (1912-1917)

The words of the great Spanish poet perfectly describe the progress of the 'Doha Development Programme'. With the experiences of Cancún and Geneva behind us, we stand at the crossroads. 2005 will be crucial to whether the process is to go ahead or - should there be a fresh setback in Hong Kong - both the success of the Round and the very existence of the multilateral trade system will find themselves in jeopardy.

The decision adopted by the WTO General Council last July, over and above establishing a roadmap for the negotiations currently in hand, has the added value of establishing the path to preparing a ministerial meeting. In order to reach agreements within the WTO, the agreement of its 148 members is required, and the majority of them are developing countries.

The drafting of this own-initiative report was announced at the part-session of 28 October 2004, almost two months after the Agreement reached in Geneva. So as to ensure that the report was not already out of date before it appeared, the rapporteur has decided, in accordance with the deadlines laid down by the decision of the Council Conference of Presidents of 12 December 2002 (Article 1.2) to cover the progress of the negotiations since the July Agreement, and thus send out at a timely message of political support from the European Parliament.

What this report seeks to offer is on the one hand, an overview of the key elements that allowed the Agreement to be reached, and on the other, an assessment of the negotiations which have followed, with a particular view to the forthcoming Hong Kong Ministerial Conference. Given that 'the way is made by walking' those key elements are highlighted which we have every right to expect will lead to the final success of the Round and the achievement of free and fair trade for all.

1. From Doha to Geneva via Cancún...

International trade's capacity for contributing to development, economic growth and employment has been clearly demonstrated throughout the last half century. In this sense, the **Doha** Development Round was borne of the desire to conclude a far-reaching programme of reforming and liberalising international trade policy, particularly, in favour of the developing countries.

However, since the beginning, the Doha Development Programme (DDP) has been battered by storms. Undoubtedly, the most significant was the fact that the **Cancún** Ministerial Conference ended with no agreement whatever with regard to the content, which endangered the credibility of the DDP and the multilateral trade system itself (between January and August 2004, 21 new bilateral or regional agreements were signed and there are another 60

under negotiation, with a total of 206 agreements signed).

After Cancún, it was very obvious that the process which had started in Doha needed to be revived, and that above all, the WTO members had to make mutual concessions and abandon their entrenched positions. Given that a fresh setback could be fatal, Cancún ought to be a vaccination against any further failure.

The Agreement reached in **Geneva** got the negotiations back on track and sets out the path to be followed, by seeking to achieve better integration of the developing countries into the global economy. The latter are now much more actively involved in the negotiations and as a result, have a greater influence over decision-making.

From the global perspective, there is no question that international trade needs to be refocused so as to make it fairer in both social and economic terms. The legitimacy and credibility of the WTO both unquestionably depend on the extent to which all its members and civil society are able to feel that they are reaping the profits which flow from international trade. The issue is whether we wish to uphold the multilateral trade system, by linking the Development Round with the objectives of the Millennium Declaration, or whether on the contrary, we want to go back to a world of regional or bilateral agreements which embody no concern whatever for the development of the developing countries.

2. Key elements in reaching the Geneva Agreement

Geneva opened the way to preparing for negotiations which will both allow agreements to be reached and involve all those who are party to the process. The fundamental features are:

- the technical preparatory work for the July meeting in Geneva;
- the decision to concentrate on negotiations on a reduced number of key issues;
- the political push provided both by the USA with the 'Zoellick letter'¹ and especially by the EU, in the shape of the letter from Commissioners Lamy and Fischler advocating a 'Round for Free' for the developing countries;²
- the new configuration of the world trade system arising from the springing up of different Groups, whether on the basis of shared interests or in defence of specific products.³

To these factors, particularly after the failure of Cancún, could be added the fear that the international trade system could drift into the doldrums of bilateralism and regionalism. Despite the specific weight of the FIPs (EU, USA, Australia, Brazil and India) in the agriculture negotiations, the developing countries, thanks to their Groups, have been involved to a greater extent in decision-making (above all the G20 countries whose self-affirmation approach took definitive shape under the now well-established slogan 'Trade Not Aid'). Furthermore, this means that there is a prospect that a reconfigured multilateral trade system will emerge.

¹ USTR, *Letter from US Trade Representative Robert Zoellick on the DDA*, 11 January 2004.

² COM, *Letter from Commissioners Pascal Lamy and Franz Fischler on the DDA*, 9 May 2004.

³ The G20, the G90, the G33 or the Cairns Group, for example.

3. Assessing the Geneva Agreement

The Agreement adopted lays down the framework for launching the final, decisive phase of the DDP negotiations, focussing on five of the basic issues of the Round: (a) Agriculture, (b) Market access for non-agricultural products (MANAP), (c) Development, (d) Services and (e) Singapore Issues.

(a) Agriculture

This chapter is the real driving force behind the negotiations and three specific pillars are tackled: reducing domestic aid which causes distortion of trade, WTO discipline for all forms of export subsidies, and increased market access:

- With regard to **domestic aids which distort trade**, these are to be globally subject to substantial reductions (by 20% in the first year of implementation). Everything indicates that the EU will be able to cope comfortably with these reductions, particularly following the reform of the CAP. For its part, the USA is apparently going to have greater difficulties in amending its current Farm Bill.
- With regard to **export subsidies**, both the red box subsidies used by the EU, and the distorting practices of export subsidies both for food aid (USA) and for state trading companies (Canada, Australia, New Zealand, etc.) are to be eliminated. However, the reciprocity of all the measures, and above all the date on which they are to be adopted, have yet to be specified.
- Finally, with regard to **market access**, there are also to be substantial improvements made by all members, with the exception of the least-developed countries, and with special and differential treatment guaranteed for the other developing countries. Furthermore, all members will be at liberty to display flexibility with regard to reduced liberalisation of their sensitive products, a special feature which means that the principle of Community preferences can be upheld.

The **cotton** negotiations are, finally, and despite the opposition of the developing countries, to be included in the agriculture negotiations. The framework adopted merely lays down that this issue will be dealt with in a far-reaching, rapid and specific manner, granting it appropriate priority, independently of other sectoral initiatives, with the setting up of a specific subcommittee which will meet regularly. Success here will depend on the commitment of the EU and above all the USA. In any case, the trade measures need to be complemented by structural reform programmes for the sector in the EU regions affected, and development support measures for the developing countries on the part of the World Bank, the IMF, the UNDP and other international organisations.

Following the Geneva Agreement, a global programme of work on the agriculture issue has been prepared; it includes many technical aspects deemed appropriate by the EU. However, despite the negotiating paths opened up, little progress has been made.

The EU's image in this sector, following the CAP reform, has greatly improved. The abolition of export subsidies has been accepted in exchange for reciprocity on the part of the other members in the way they deal with their own export-distorting mechanisms, and their approach to domestic aids and improved market access, with very positive treatment granted to **sensitive products**, which will allow the EU to protect its market organisations. The framework adopted merely holds over for future negotiation most of the difficult decisions

required for establishing detailed arrangements, without specific deadlines being set. Here, it is essential to give specific shape to the stated wish of the 25 Trade Ministers attending the Davos meeting of 29 January 2005, that a draft of detailed agriculture and NAMA negotiating arrangements be available by July 2005, given their importance to the economic development of most WTO members. No less necessary is a specific definition of the concept of 'sensitive product' and the setting up of a special mechanism to protect and designate special products from the developing countries.

Furthermore, various developing countries are concerned by the possible box shift of domestic aids to blue and green boxes. This means that the elements to be included in the content of these boxes needs defining; rigorous respect for what is set out in Annex A of the Agreement is equally called for.

Also necessary, although not included in the July agreement, is the holding of an in-depth discussion of the issue of **geographical indications**, analysing what kinds of flexibility could be applied to it, and its possible extension to products other than wines and liquors. The EU needs to find new allies in this area.

(b) Market access for non-agricultural products

Here, the Geneva Agreement merely instructs the Negotiating Group to continue its discussions on defining the negotiating formula, the treatment of unconsolidated tariffs, appropriate provisions on flexibility for the developing countries, participation in the sectorial tariff component for defining the cover of products, and preferences; and, on the other hand, urges the developed countries and other members which so decide to grant duty and quota-free access to their markets for non-agricultural products from least-developed countries.

At the very end of February, the delegations accepted the proposal by the Chairman of the NAMA Negotiating Group, the Icelander Stefan Johannesson, that the holding of future discussions would use the agriculture negotiation format, i.e. separate meetings would be called to discuss specific issues like the tariff reduction formula or the negative effects on developing countries of preference erosion.

The members are divided into two groups: those (mainly G20) who want to produce a general reduced-tariff formula before tackling sectorial issues, and the others, headed by the USA and Canada, who would prefer to take a sectorial approach to liberalisation. Many developing countries fear that the sectorial approach will leave them with higher tariffs in sectors important to them, since it is not clear how the sectors will be chosen. The developing countries remain doubtful with regard to the way in which the GSP is developing, with the countries which enjoy these preferences refusing to go ahead with the work on the formula and the sectors, with a view to focusing on special and differential treatment.

The ACP countries argue that customs preferences are indispensable to their economies, while some Latin-American countries have described them as discriminatory. The ACP countries have undertaken to put forward proposals at the next meeting of the Negotiating Group, with a view to finding a solution to the erosion of preferential market access which would result from the global reduction of tariffs under the NAMA negotiations.

The EU's needs in this area, for their part, require a global approach in order to respond

properly to its extremely diversified industrial sector.

Negotiations in NAMA, in particular, need to be stepped up, to produce a definition of the adequate tariff reduction formula, while taking due account of the flexibility essential to the developing countries, including by means of reduction commitments which do not involve reciprocity, as provided for in Annex B of the Agreement.

(c) Development

Here, two basic features need to be highlighted: special differentiated treatment (SDT) and technical assistance. With regard to the former, it was recommended that all the proposals still outstanding be considered by July 2004 at the latest, and that all the other work on development still outstanding be tackled; and with regard to **technical assistance**, all that is said is that it should be stepped up, as should capacity-building.

The text reflects the shaky agreement reached between the G20 and the G90. The G20 opposed the consolidation of least-developed country preferential access to developed country markets. With regard to access to the agricultural and industrial market, there is a call for integration with the multilateral trade system of all the small, vulnerable economies, thus preventing the emergence of a sub-category of members. While the concerns of the least-developed countries have been taken into account, by exempting them from binding commitments, it would appear to be necessary with the industrialised and emerging countries to make commitments with regard to market access for least-developed country products, equivalent to the commitments adopted by the EU in 2001 under its 'Everything But Arms' initiative.

Following the July Agreement, no substantive result whatever has been achieved with regard to special and differential treatment. There is also a division between those countries which was to focus on the 88 proposals on revisions within specific WTO agreements, and those which wish in the first instance to tackle the horizontal issues which include the principles and objectives of special and differential treatment and differences between developing countries. At the meeting of the Extraordinary sitting of the trade and development committee held on 8 February, the members decided to continue with negotiations on the special and differential treatment proposals of specific agreements, using the approach proposed by the chair of the Extraordinary Sitting, the South African Faizel Ismail, as 'a point of reference'.

Progress on special and differential treatment is particularly relevant, given its importance when it comes to guaranteeing that the developing countries will have the time they need to prepare their respective economies for integration into the world economy. Likewise, increased export capacity will contribute positively to their development.

On the other hand, there are patent reservations on the part of the developing countries with regard to the way in which the GSP is going. Here, we should stress that their interests would be better looked after within the Doha framework rather than outwith it.

We would likewise highlight the need to boost south-south trade (which, although annual growth is already high, has plenty of room for expansion) by eliminating trade barriers between the developing countries and also by granting the least-developed countries free access to emergent country markets, given the greater trading opportunities which this offers

vis-à-vis the more competitive and less easy to access markets of the industrialised countries.

It is also necessary, as the Millennium Declaration recognises, to ensure that closer relations are established between the WTO and other international organisations, as an essential stage in developing a new, more sustainable type of globalisation which will work in the service of common goals and with a view to achieving fully coordinated criteria with regard to the problems of enlargement. One example would be the need for any WTO member wishing to benefit from the advantages of the multilateral trade system to respect the rules of the ILO.

Success in this area will be the product of responsibility shared by all, depending both on the type of trade measures adopted in agriculture, NAMA and services, and the advances made and technical assistance and the domestic reforms undertaken by the developing countries.

(d) Services

Here, no specific framework has been established. The Agreement reaffirms the commitment to go forward on the basis of the Council on Trade in Services' recommendations, and sets May 2005 as the deadline for submitting revised offers.

Here, the significant importance of quality services should be stressed with regard to the development of international trade, particularly transport, telecommunications and financial services. However, in the negotiations which have taken place since the July Agreement no substantive progress has been made here either. The outlook is not encouraging (only 48 of the 148 members have submitted preliminary offers). Despite this apparent lack of interest and services, the 'QUAD' (EU, USA, Canada and Japan) and some other members such as India, Chile and Mexico, are redoubling their efforts to put this chapter of the negotiations on an equal footing with agriculture and MANAP. The Commission, for its part, has stated that the offer to be prepared by the EU will be broad and far-reaching, and that it hopes that the WTO members will respond in kind. The Commission has already submitted requests to 103 WTO countries that they improve access to their respective services markets.

Finally, it should be pointed out that the liberalisation of services necessarily needs to be carried out with care and flexibility, so as not to dismantle public services, particularly those which supply people's basic needs, since it is inappropriate to demand of the developing countries that they liberalise services in a way which will lead to their dismantling.

(e) Singapore Issues

The only issue dealt with in the Agreement is **facilitating trade**, and the Agreement goes no further than agreeing to start negotiations on this issue so as to expedite customs duties and getting goods into circulation.

So a start has been made on negotiating one issue, leaving out the other three issues (investment, competition and transparency in public procurement), given the enormous reluctance of many developing countries, and despite the fact the EU has always fought for these issues to be negotiated. The EU's gesture in renouncing its ambitions has been welcomed by the developing countries which, however, fear that these issues will reappear in future negotiations of economic partnership agreements (EPA).

Following the Geneva Agreement, despite the efforts made during the discussions to secure cooperation, no tangible developments have taken place. The Union's challenge is to make the developing countries understand that more expeditious, transparent and modern administrative system will increase their export capacity.

4. Prospects for Hong Kong

The road is not ready made: it is the act of walking that creates it. In Geneva it was decided that the next WTO Ministerial Conference be held in Hong Kong in December 2005. It is important that negotiators are not distracted from the task in hand, either by the appointment of a new WTO Director-General (which should have happened by the end of May 2005 deadline) or by the Sutherland Report on the future of the WTO (discussion whereof should be postponed until 2006). Nor should there be any fears about the extension or otherwise of the US Congress's mandate ('Fast Track'), nor the USA's renewal or otherwise of its WTO membership. The USA has stated that it is fully committed to making the Round a success.

As Geneva showed, technical work before the meeting took place was crucial to securing agreement. Using the framework agreed on as a basis, we now need to achieve specific, detailed commitments including dates and deadlines, by means of efficient, transparent negotiations in which the developing countries feel themselves both included, and involved in the negotiations. For that reason, specific modalities for agriculture and NAMA need to be brought to the July meeting, so that what has been achieved so far is not thrown away. In order for the developing countries to be able to assimilate the proposals, they need to be given adequate time to prepare for the negotiations.

Furthermore, the 29 January meeting in Davos marked the initial political push the negotiations need at this stage. It was agreed to hold a mini-ministerial meeting in Kenya at the beginning of March, and possibly a second one in China in July, and likewise that a state of play report be drafted for the end of July¹.

These meetings, and the report to be drafted, need to give civil society a realistic perspective on the way negotiations are developing, so as not to arouse false expectations.. The success of negotiations depends to a great extent on interaction between the Geneva negotiators and politicians in their respective countries; nor should we overlook the important role of the chairmen of the various Negotiating Groups.

5. Conclusions

The Agreement reached in July by all the members of the WTO is of indisputable political significance, since it allows the negotiations to get back on track, taking due account of the need to integrate the developing countries into the global economy. Despite the difficulties posed by the need to achieve consensus, the multilateral trade system remains in place as a valid way of encouraging worldwide economic development.

The final decision noted in the Agreement provides a good negotiating framework for the

¹ There will also be other meetings: USA Senior Civil Servants on 12 February 2005, G20 in New Delhi and ACP in Kenya (both in mid-March), G33 in mid-April and Indonesia, the African Union in May, the OECD annual Ministerial Meeting in Paris in May, and APEC in China in June.

EU's interests both offensive and defensive, although no relevant progress has yet been made with regard to the technical aspects. The EU, on the initiative of the Commission, could give the decisive political push needed to get the negotiations moving.

The EU's needs mean that an agreement which covers all the areas of negotiation needs to be adopted. We share the Commission's concern with regard to the need to find a balance between the various issues contained in the Agreement as soon as possible. While agriculture is the indisputable driving force behind the negotiations, we need to make equally far-reaching progress in all the other issues, placing Development at the forefront.

The Commission should likewise not overlook the issues which were, at the end of the day, left out of the July Agreement, but remain on the Doha Round's work programme: anti-dumping, geographical indications and the relationship between trade and the environment. Problems concerning malnutrition and hunger ought to be more prominent in the negotiations, bearing in mind the FAO's proposal to build an International Alliance against hunger which, in keeping with the Millennium Declaration, will halve poverty and hunger worldwide by 2015.

The WTO Parliamentary Conference of 25 and 26 November 2004 in Brussels acknowledged this, highlighting the existing consensus with regard to promoting free and fair trade to the benefit of all nations, strengthening sustainable development and reducing poverty. While acknowledging the work done by many NGOs in an area which, since Seattle, has become a matter of real social concern, we need to stress the role which democratic Parliaments should be playing in giving voice to popular feeling in international fora such as the WTO.

We likewise need close collaboration on the part of all European institutions. The Council and Commission must continue to keep Parliament punctually informed, involve it in their debate, and continue to give it access to Committee 133 documents.

Finally, a new calendar of work needs to be established, setting a date for concluding the Round, which Doha laid down as January 2005. The absence of a deadline is not a positive factor; it reflects both nostalgia for what is being left behind and also fears of what we will find when we get to where we are going.

22.3.2005

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on International Trade

on the assessment of the Doha Round following the WTO agreement on 1 August 2004
(2004/2138(INI))

Draftsman: Nirj Deva

SUGGESTIONS

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. considers that the Agreement reached in the WTO by the General Council on 1 August 2004 constitutes a step forward in the Doha negotiations where, in the light of the forthcoming Hong King ministerial conference, the development chapter must occupy the first place in the debate within the framework of balanced progress in the different negotiation chapters;
2. welcomes the WTO General Council Framework Agreement of 1 August 2004 as a step in the ongoing negotiations, deplores however the lack of dialogue with civil society and even many country negotiators;
3. requests the Commission to introduce a 'development box' into the agriculture negotiations for the least developed countries, so that these countries can tackle food safety and rural employment, which are major issues for eradicating poverty;
4. deplores the absence of a clear timeline for reform, which means that, for example, trade-distorting domestic subsidies in developed countries (the so-called Blue Box subsidies) will remain in place for a considerable number of years, as no end date is mentioned in the text, and calls for export subsidies to be eliminated 12 months after the conclusion of the Doha Round;
5. is of the opinion that poor countries should not be required to provide more market access in agriculture as long as this reform is not completed and exports by developed countries at prices below production costs are not discontinued;
6. expresses concern over the fact that the Agreement fails to address adequately the

concerns of the poorest countries (the G90), which are hampered by chronic supply side constraints, preventing them from taking advantage of export opportunities, and rendering them vulnerable to losses from increased competition on their domestic markets, as most of the benefits from less distorted agricultural markets will benefit medium or large developing countries (the G20);

7. calls for the WTO rules to recognise the different stages of development of poor and developing countries, and stresses that, in order to succeed in global trade, the G90, including the vast majority of Sub-Saharan African countries, require a new deal including increased aid flows, changing terms of trade and a system facilitating inclusion in the world market on preferential terms, including the use of trade policies as part of their national strategies to tackle poverty and kick start their economies;
8. deplores that the Agreement did not provide stronger language on the "implementation" issue and the review of the Special and Differential (S&D) Treatment; calls for increased efforts on the part of the EC and other developed WTO members to offer substantial improvements of real economic value to the articles under review;
9. deplores that the Agreement makes no mention of the potential environmental and social implications of trade liberalisation, particularly in the NAMA section, where negotiations may result in further de-industrialisation in poor countries, especially those in Africa, forcing them to rely more heavily on unsustainable and harmful exports of natural resources;
10. stresses that capacity building for the poorest countries needs to be reinforced by means of technical assistance to strengthen their commercial and exporting capacity and to diversify their production bases;
11. notes that the Agreement recommends further opening up the services sector, but does not respond to the need of the least developed countries for duty-free and quota-free access to developed-country markets;
12. stresses that the application of S&D to developing countries should form an integral part of the WTO Agreements; the relevant provisions should be clear and designed to promote trade-induced development through appropriate technical and financial assistance;
13. points out that the negotiations on the opening up of the service sectors should not threaten the ability of countries to regulate basic services in the pursuit of social and development goals, and should exempt from the Agreement essential services such as education, water, health, and energy;
14. stresses that the Doha Development Agenda must be seen as part of a longer term process of reform of the WTO, so that it starts to deliver on development, and that, although the Agreement represents a timid step towards a more level playing field, it contains very few provisions addressing the unique needs and obstacles faced by developing countries;
15. points out that a successful conclusion of the WTO Doha Round will have to contribute to achieving the Millennium Development Goals by bolstering worldwide economic growth;

16. reiterates that poverty cannot be reduced by aid alone; calls therefore for the following measures, which - together with measures in the field of trade policies - may contribute to genuine poverty reduction in developing countries:

- creating and developing small businesses with access to world and local markets on preferential terms; provision of working capital on preferential terms; provision of advice on marketing, sourcing, business administration, and environmental awareness;
- tackling chronic ill-health and short life-spans, starting with cheap and simple interventions with a high potential impact that can be immediately implemented, such as mosquito nets, soap, advice on basic hygiene, condoms and vaccines; these interventions need to be embedded in a long term policy framework;
- ensuring that all children receive a basic education, with special attention to girls who suffer disproportionately from lack of access to education;
- reducing and eventually eliminating child labour;
- organising populations so that more people become economic actors and population-growth ceases to be a threat;
- encouraging corporate social responsibility (CSR), and supporting CSR programmes delivering employment, health, and education;
- giving preference to South-South cooperation in the provision of advice, goods, and services;
- reducing civil conflict by insisting that the rule of law applies to everyone;

PROCEDURE

Titel	Evaluering af Doha-udviklingsrunden efter WTO-aftalen af 1. august 2004
Procedurenummer	2004/2138(INI)
Korresponderende udvalg	INTA
Rådgivende udvalg Dato for meddelelse på plenarmødet	DEVE 28.10.2004
Udvidet samarbejde	nej
Ordfører Dato for valg	Nirj Deva 6.10.2004
Behandling i udvalg	15.3.2005
Dato for vedtagelse af forslag	17.3.2005
Resultat af den endelige afstemning	for: 25 imod: 0 hverken/eller: 0
Til stede ved den endelige afstemning - medlemmer	Margrietus van den Berg, Danutė Budreikaitė, Nirj Deva, Michael Gahler, Jana Hybšková, Filip Andrzej Kaczmarek, Maria Martens, Miguel Angel Martínez Martínez, Luisa Morgantini, Józef Pinior, José Ribeiro e Castro, Toomas Savi, Jürgen Schröder, Anna Záborská, Jan Zahradil og Mauro Zani.
Til stede ved den endelige afstemning - stedfortrædere	John Bowis, Milan Gaľa, Ana Maria Gomes, Linda McAvan, Manolis Mavrommatis, Anne Van Lancker og Gabriele Zimmer.
Til stede ved den endelige afstemning - stedfortrædere, jf. art. 178, stk. 2	Inés Ayala Sender og Carl Schlyter.

16.3.2005

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on International Trade

on the assessment of the Doha Round following the WTO agreement on 1 August 2004 (2004/2138(INI))

Draftsman: Joseph Daul

JUSTIFICATION

In spite of the failure of the Cancún Ministerial Conference, negotiations concerning the Doha Development Agenda have continued and the member countries of the World Trade Organisation have shown their determination to complete the work programme with the adoption by the General Council of a series of decisions on 2 August 2004 covering all areas of negotiation.

With regard to agriculture, the WTO members have decided on a framework for establishing modalities.

However, this agreement is only one stage in the process launched at the Fourth Ministerial Conference in Doha.

The European Union must now ensure that it participates fully in the new stages, namely in establishing the modalities of negotiations with a view to reaching a possible agreement on them at the Hong Kong Ministerial Conference in December 2005, in accordance with the mandate given by the Council and approved by the European Parliament.

The European Union played a fundamental role in reaching the August 2004 agreement thanks to the efforts of Community producers in applying a series of common agricultural policy reforms. In order that the Doha Round should not present them with further constraints, it is essential that the principles of the CAP reform are taken into account in the forthcoming negotiations.

The implementation of new commitments will also need to be sufficiently flexible - in terms of both deadlines and modalities – so as not to destabilise the common organisation of markets.

At the same time, the Commission must act within the multilateral framework to make room for the concerns voiced by developing countries, especially the poorest countries and those with a fragile economy sensitive to the consequences of trade liberalisation.

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

The European Parliament,

1. Welcomes the agreement of 2 August 2004 among the members of the World Trade Organisation and the European Union's decisive contribution to this agreement, particularly through the reforms to the common agricultural policy under way for the last five years;
2. Stresses that the agreement is only one stage in the negotiation process launched in Doha; that these negotiations will only bear fruit as part of a single and balanced undertaking; that is essential, therefore, that negotiations on chapters other than agriculture progress at the same pace as those relating to agriculture;
3. Notes with satisfaction, with regard to domestic support, that this agreement does not challenge the European agricultural model or the Luxembourg agreement on the reform of the common agricultural policy; stresses the need to define 'green box' measures including decoupled payments; calls on the Commission to ask the other members of the WTO each to carry out internal reforms;
4. Stresses that the designation of vulnerable products is particularly important for the Member States of the European Union from the point of view of agricultural development, food safety and the development of the rural economy;
5. Supports the pledge by WTO members ultimately to abolish all forms of export subsidy; calls for this objective to be achieved through the application of strict definitions to all policies that create distortions on the world market - subsidies, export credits, state trading enterprises and food aid - and parallel commitments for all WTO members, accompanied by a monitoring and sanctions mechanism;
6. Underlines the importance to the European Union of the discussion on market access and the need, therefore, to maintain the principle of Community preference, in particular by achieving a fair and even balance between developing countries' demands in terms of market access and the stability and viability of Community markets; calls on the Commission, in this regard, to maximise the opportunities presented by the designation of sensitive products, for which market access commitments would be less stringent, so as not to jeopardise the future of some market organisations;
7. Calls for the development of a better system of protection against abuse of the preference system, which has been hitherto extremely susceptible to fraud;

8. Points out that the regulation of world trade is the primary condition of the existence of a stable market with fair competition and contributes towards countries' social and economic development; considers that excessive and premature liberalisation of trade may result in dumping situations with levelling-down tendencies; calls, therefore, for the current negotiations to link the possible opening of new markets to the harmonisation of social and environmental standards at a high level;
9. Considers it essential that the rules established during the negotiations should duly take into account the protection of the Community market from imports from countries engaging in competitive devaluation or failing to respect workers' fundamental rights, as laid down by the International Labour Organisation; considers, in this regard, that the special safeguard provisions allow the consequences of a fall in currency values to be contained and, for this reason, remain an absolute necessity;
10. Reaffirms the need for the negotiations under way in Geneva to take into account the European Union's demands with regard to protected geographical indications, the multifunctional nature of agriculture and non-trade concerns such as environmental protection, animal welfare, the precautionary principle and compulsory labelling; calls on the Commission, therefore, to ensure that these principles can be incorporated into the Agriculture Agreement;
11. Appreciates the economic and social significance of the production and marketing of cotton for the developing countries; considers, however, that in order to achieve an effective result, the developed countries which constitute the main export markets, representing 50% of international exports, such as the USA and Australia, should make substantial concessions; endorses the view that a distinction should be made between the developing countries on the basis of their degree of development; considers that the European Union, which represents 2.5% of international production and is purely an import market for the product concerned, has carried out a reform of the common organisation of the market in cotton which has gone beyond international agreements and obligations and which may, in fact, entail future repercussions for European cotton growing; welcomes the creation of the subcommittee on cotton to monitor the progress of the agreements and the market in order to prevent adverse effects on cotton growing in Europe and in the developing countries;
12. Welcomes the fact that the concerns of the least developed countries have been taken into account and they have been exempted from binding commitments; considers that, in this context, it is essential that all industrialised and emerging countries undertake commitments in relation to market access for products from the least developed countries equivalent to those undertaken by the European Union in 2001 through its 'Everything But Arms' initiative; reiterates its commitment to maintaining the preferences granted to developing countries in the partnership and cooperation agreements;
13. Considers that the European Union should continue to play a leading role in the ongoing negotiations, which henceforth must lay down detailed and quantified modalities in order to reach an agreement in time for the next Ministerial Conference in Hong Kong in December 2005; considers it necessary, therefore, to renew relations with the countries with whom we share a common vision in terms of agriculture so that a balanced agreement can be reached that is satisfactory to all parties, particularly the poorest

countries and those with a fragile economy sensitive to the consequences of trade liberalisation;

14. Considers that a satisfactory outcome can be obtained only by means of close cooperation between all the European institutions and, with this in mind, calls on the Council and the Commission to keep it well informed and closely involved in the coming discussions.

PROCEDURE

Title	Assessment of the Doha Round following the WTO agreement on 1 August 2004
Procedure number	2004/2138(INI)
Committee responsible	INTA
Committee asked for its opinion Date announced in plenary	AGRI 28.10.2004
Enhanced cooperation	-
Draftsman Date appointed	Joseph Daul 21.9.2004
Discussed in committee	20.1.2005 16.3.2005
Date suggestions adopted	16.3.2005
Result of final vote	for: 31 against: 0 abstentions: 2
Members present for the final vote	Janusz Wojciechowski, Filip Adwent, Marie-Hélène Aubert, Sergio Berlato, Thijs Berman, Niels Busk, Luis Manuel Capoulas Santos, Joseph Daul, Albert Deß, Gintaras Didžiokas, Michl Ebner, Jean-Claude Fruteau, Lutz Goepel, Bogdan Golik, Friedrich-Wilhelm Graefe zu Baringdorf, María Esther Herranz García, Elisabeth Jeggle, Heinz Kindermann, Stéphane Le Foll, Albert Jan Maat, Diamanto Manolakou, Mairead McGuinness, María Isabel Salinas García, Agnes Schierhuber, Czesław Adam Siekierski, Csaba Sándor Tabajdi, Marc Tarabella
Substitutes present for the final vote	Béla Glattfelder, Gábor Harangozó, Astrid Lulling, Markus Pieper, Karin Resetarits, Struan Stevenson,
Substitutes under Rule 178(2) present for the final vote	

PROCEDURE

Title	Assessment of the Doha Round following the WTO agreement on 1 August 2004	
Procedure number	2004/2138(INI)	
Basis in Rules of Procedure	Rule 45	
Committee responsible Date authorisation announced in plenary	INTA 28.10.2004	
Committee(s) asked for opinion(s) Date announced in plenary	DEVE 28.10.2004	AGRI 28.10.2004
Not delivering opinion(s) Date of decision		
Enhanced cooperation Date announced in plenary		
Motion(s) for resolution(s) included in report		
Rapporteur(s) Date appointed	Javier Moreno Sánchez, 14.9.2004	
Previous rapporteur(s)		
Discussed in committee	30.9.2004	14.3.2005
Date adopted	18.4.2005	
Result of final vote	for:	21
	against:	2
	abstentions:	
Members present for the final vote	Francisco Assis, Enrique Barón Crespo, Jean-Louis Bourlanges, Daniel Caspary, Giulietto Chiesa, Jacky Henin, Sajjad Karim, Caroline Lucas, Erika Mann, David Martin, Javier Moreno Sánchez, Georgios Papastamkos, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Peter Štastný, Robert Sturdy	
Substitutes present for the final vote	Danutė Budreikaitė, Saïd El Khadraoui, Elisa Ferreira, Antolín Sánchez Presedo	
Substitutes under Rule 178(2) present for the final vote	Paulo Casaca, Den Dover, Manolis Mavrommatis	
Date tabled – A6	20.4.2005	A6-0095/2005