

**“WTO Doha Round Negotiation:
The Way Forward and Where Does the Balance Lie?”
3rd June, 2010, New Delhi**

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It is always a pleasure for me to speak here, and I enjoy sharing my thoughts with the distinguished audience as well as learning from this process. Thank you, WTO Centre and FICCI for providing me with this opportunity.

The way forward for the Doha Round Negotiations can be seen in at least three different ways. One is the content of the Doha Round package, another is the engagement of WTO Members in the negotiations, and third is the effect on the multilateral trade system deriving from the way in which the negotiations move forward.

Regarding balance in the Doha Round Negotiations, the concept of balance depends on the concerns and considerations of all the Members. To find the balance we have therefore to take account of both defensive and offensive interests, and the various vulnerabilities and abilities to bear specific obligations. The balance in the results is reflected in terms of a combination of ambition, flexibilities, and a recognition of the different capacities of countries to undertake specific obligations. This combination is in terms of offensive and defensive negotiating interests among the 153 Members of the WTO.

Another consideration is whether the system functions to effectively express the balance in the results. In this regard, it is relevant to note that the Doha Round negotiations have shown greater effective expression of the desires of different stakeholders in the system, far more than any other multilateral fora and within the GATT / WTO system also much more now than at any other time in the past. So, the results are likely to reflect the balance. Without such a balanced result in terms of reflecting various concerns and considerations, getting consensus will be difficult. Thus, with the kind of broad based involvement that is taking place in the Doha Round, the concept of "balance" has therefore a truly significant meaning in the overall result because multiple types of interests are being expressed effectively.

I now begin with the first of the three ways I mentioned in which we can see the way forward in the Doha Round Negotiations.

Content of the Doha Round Package

The Doha Round package addresses a large number of opportunities and concerns, with substantive progress being achieved on most of these issues. Let us take a summary look at this aspect of the way ahead on Doha.

Agriculture

In India, a major interest has been in the defensive mechanism for agriculture. The most well known terms in this context are perhaps special products and special safeguard mechanism. For special products the Negotiating Group's Chair's text has provisions which are generally considered settled. On special safeguard mechanism, we still have differences and interested parties are continuing their discussions based on specific concerns and examination of the documents produced to explain the underlying concern. This is a major unfinished item.

Let us see some important major issues from the Negotiating Group's Chair's text which are generally considered to be settled, of course keeping in mind the principle that nothing is settled till everything is settled. These include but are not limited to the following: massive reduction in the ceiling for overall trade distorting support and aggregate measurement of support especially by developed countries, reductions in de minimis support, flexibilities for developing countries in domestic support area, limit on Blue Box, caps on product specific support, certain improvements in the Green Box especially in the form of imparting further developmental orientation to it, formulae for reduction of bound tariffs with flexibilities including sensitive products and special products, disciplines on export competition including phasing out of export subsidies to agriculture, elimination or restriction of the scope of Special Agriculture Safeguards (SSG) mechanism, tariff escalation, commodities, phasing out export subsidies to agriculture with disciplines on other forms of export support like export credits, and Duty Free Quota Free access to products from Least Developed Countries.

An important feature of several of the not yet fully resolved items is that when the few major issues start being settled there will be a negotiating momentum to settle these others too.

Most of the unresolved issues are those for which important advance in the negotiations has been made. They may be considered as more settled but still need some additional effort to give complete effect to the results. The issues which have made major progress and require a bit more negotiating effort include tropical products, preference erosion, and Blue Box support. The fact that there is now an agreement on the banana issues has been a positive step in terms of addressing the topic of tropical products.

There is a category of issues which require more focused negotiations. These include inter alia disciplines relating to cotton, tariff caps, tariff simplification, and coverage of sensitive products. For these too, the fact that these are not yet settled does not mean that progress has not been made. However, there are still certain gaps which would need to be settled with more active negotiations. I feel, for these issues too we will see convergence once the negotiating momentum builds up.

In closing the gaps for these items, we have to bear in mind certain relevant aspects:

- in some cases, the gap can be closed with Issues within the same Agreement or the same issue
- alternatively, this may depend on the result in another area within the Doha Development Agenda.
- in a few cases, the option is linked to conclusion in another issue and agreement on any one would imply a conclusion for the related issue also.
- in some of these areas a few WTO Members are seeking to go beyond the general level of disciplines with some additional flexibilities, and one approach that has been considered has been some additional price to be paid by the country which is seeking more than the general flexibility.
- in certain cases the gap arises in terms of a need to multilateralize or fully extend to WTO Members agreements results which some interested groups have reached amongst themselves.

In the case of agriculture, let us take a couple of examples of issues which have been in the limelight. One is the emphasis given by a major WTO Member on the importance of getting more market access. Another is the issue of special safeguard mechanism. In the case where we have an expression of the demand for additional market access, it is up to those requested to examine whether and what they would like to give and want in return to reach their idea of balance. In certain cases, this decision may be more straightforward because of prior agreements that may have been reached in the discussions since 2008. In others, results in the same or another negotiating area may be needed. A concern however of several parties is also that this process should be stabilising and not adversely affect the opportunities, flexibilities and the balances which have already been reached. In view of the significance of all parties in reaching the overall balanced result, the contours of future movement will reflect these concerns of others also.

In the case of special safeguard mechanism, we need a balance between two concerns, namely of exporting countries and importing countries. One side does not want the instrument to be used as disguised form of protection, and the other wants to have a simple mechanism to address the concerns of vulnerable production in its agriculture. The balance has to lie in a place where each of them has reasonable comfort about these objectives. Work on this had advanced considerably in 2008. Further clarity on the conditions which will manage the required result would be possible with similar engagement. It is worth noting that the same group of countries which had failed to get agreement on a certain issue (i.e. threshold level) in this area in July 2008, managed to address this matter three months later.

The fact that there are already a number of substantive settled results, and a likely strong thrust for the convergence on other issues, we have a large number of important results through this Round already on the Table. Moreover, some of them,

for instance disciplines on subsidies in agriculture are possible only in multilateral negotiations at WTO. In terms of balance, such disciplines are considered by a huge constituency of developing countries and several agriculture exporters as being very important for levelling the playing field.

For India, the results in Agriculture would be significant not only in terms of defensive positions such as special products and special safeguard mechanism, but also through possibilities of additional export markets created for its agriculture exports, including a number of tropical products. This shows us another aspect of balance, namely that what may initially appear to be the main components of balance of interests may not necessarily be the only relevant components of the appropriate or relevant balance.

NAMA

In another area of major focus, Non-Agriculture Market Access, or NAMA, we again have many key issues largely settled, with some still left to be taken forward. Four issues in this context are noteworthy: greater market access than the formula in certain areas which was initially emphasised in the form of sectorals, greater flexibility for some Members than provided under the general formula, preference-erosion related matters, and framework for dealing with non-tariff measures. Each of these areas have been highlighted by those focusing on them on the grounds that they are needed to improve the balance in the deal.

It is worth emphasising that the settled issues embody very strong positive results in terms of getting rid of tariff peaks and tariff escalation in industrial product tariffs of developed countries. This will help address the long-standing complaint of developing countries that products of their interest are subject to much higher tariffs in developed country markets, and that tariff escalation adversely affects their aspirations to have greater value added industrialization through exports. One example of the lopsided tariff structure is that the exports of Bangladesh to the United States pay more tariff duties than the exports of United Kingdom to the United States. The results of NAMA therefore will have a major improvement in balance.

The request for demand of more market access is focused mainly on a few Members, who would need to examine both the extent of their flexibility to meet the demand and the type of exchange which can bring a balance among, different parties. The way ahead can only be determined through effective engagement and a discussion of interests on both sides. This is the manner in which the WTO members have managed to achieve so many of the results which are now considered to be largely settled. Some such discussions have taken place but further progress require more focused and targeted discussions.

Likewise, discussions have progressed towards clarifying both the concerns and possible problems which would arise in dealing with larger flexibilities in NAMA for a few Members and in addressing the issue of non-tariff measure. The two types of

efforts sought by the demandeurs seek different features of balance. One issue seeks flexibility to deal with specific extent of vulnerability and the other deals with addressing the non-level playing field which arises because of a lack of systemic mechanism for dealing with non-tariff measures. While one issue may involve more of a later stage effort at balance by dealing with the relevant concerns, the other issue needs more technical work to get further convergence around agreed mechanisms. Some progress on both these issues has taken place in the discussions.

Preference related issues have been raised to seek better balance between the diverse interests reflected in the system. Most of the preference issues were settled, except a part which addresses concerns of a limited number of least developed countries. A mechanism was found earlier which addressed some aspect of this balance too. One way of dealing with this matter would be probably through such a mechanism.

SERVICES

We come now to the area of services. For India, this is a major area of seeking balance in the result. For India and developing countries in general, movement of natural persons is an important area of interest. This is however is an area which has not given rise to major concessions.

A number of developing countries have also sought greater market access in mode 1, or cross-border provision of services. Under this, services are provided through the internet and other communication modes. Interestingly there are a number of such areas where the interest of some developed nations is also high. So there can be a community of interest around which nations could get convergence and the balance can be seen in terms of a win-win situation. Another possibility for getting a convergence around a number of requests could be because several countries have seen the benefits of opening up services (of course with a substantive regulatory regime), and the actual policies are liberal enough to leave considerable scope for making attractive offers in the negotiations.

An important feature is that the services negotiations are conducted in request and offer format. Thus, a much more targeted as well as flexible approach can be, used in these negotiations to facilitate reaching an agreement. Also, an interesting feature of the plurilateral requests in services is that in formulating their requests many of the major demandeurs used the criteria of seeking what they were themselves in a position to offer. Thus their requests can be seen almost as if they were their potential offers.

It was perhaps for all these reasons that in July 2008, the signalling conference for services gave very positive results and a major feeling of satisfaction to the participants in terms of both the possible balance and ambition.

One other important part of balance which is being sought in services, is the LDCs modalities in services, to give rise to more preferential treatment for services exports from LDCs. Substantial progress has been made in terms of this item of balance.

In this context, another aspect of balance is being mentioned by the LDCs, namely an early implementation of some results relevant for them, which would include for example cotton issues, the services LDC modalities, and Duty Free Quota Free in agriculture and industry.

Other areas

There are a number of other areas where different levels of progress have been made, and the WTO Members in those areas are seeking further progress and balance. They include Rules (anti-dumping, subsidies, fisheries subsidies), trade facilitation, trade and environment, and certain IPR related issues. Relatively smoother progress has taken place in trade facilitation, and the balance being sought there includes assistance to developing countries. The other areas do not have the same level of progress and convergence. More work is needed for some of them such as fisheries subsidies and certain IPR related issues. In the area of anti-dumping, there is a major difference of position in regard to zeroing.

An interesting thought could be that some of these areas may contain issues which could be part of the horizontal balance across the overall package as such. The balance may also arise through a more specific formulation of the part of the issue which would be a must have for some nations in order to decide the overall balance. Once again, we could expect more intensive engagement when the key areas start to move forward.

Level of engagement

The way ahead and a determination of the balance requires effective engagement by WTO Members in the negotiations. This engagement takes place through meetings of the whole Membership in the negotiating groups, or in smaller numbers either with the Chair of the negotiating groups or amongst themselves. Some engagement levels have consistently been present, which is how larger number of issues have increasingly got convergence of extended numbers of WTO Members. But on issues with more general level of coverage, the extent of overall engagement depends importantly on whether the major members are showing willingness to actively engage.

Earlier, one view was that engagement at senior levels in certain cases was hampered by the absence of the US WTO Ambassador and their Chief Agriculture Negotiator. This gap has now been filled. Likewise, the US Administration is focusing much more on trade than it did earlier, and has started showing greater level of engagement. Most recently, this was evident in the areas of services, environmental goods and services, and efforts to move the negotiations on Fisheries subsidies.

Various Members have started giving consideration to seeking balance within an area and also in terms of a horizontal consideration of issues. A number of major Members have also shown willingness to engage, but all are seeking still greater traction to move ahead on a more serious note. This will require efforts and contributions by all Members.

In the negotiations, among the key contributors to the deal will be issues such as addressing ambition and defensive positions in areas of additional market access, special safeguard mechanism, fisheries subsidies, services, and flexibilities in NAMA. With movement in these areas, momentum can build up in the other areas, and the gaps could be thus filled. The results in these areas will have to be balanced in such a way that each of the key interests are not overlooked. Emphasis in the balance is thus likely to be based on the underlying major reason for which the initiative and the defensive positions are being maintained. Each side will have to be willing to move from an extremely strong position. Thus the way ahead is more and more clear, and the balance will ultimately lie in a mutual understanding of the basic constraints faced by each participant.

Systemic Effects

Let us now briefly consider the systemic effects. Take first, the value of a successful result of the negotiations. One point which I hope you have got from my talk is the large number of issues which are going to be addressed in the package. These include both market access and systemic improvements. Thus the value of the result is going to be much larger than whatever numerical estimate you will hear as the value of the deal. Furthermore, many of the concerns which are subject of seeking an overall balance are possible to be addressed only under multilateral negotiations, i.e. the WTO negotiations. These include issues such as agriculture subsidies, fisheries subsidies, anti-dumping, standards, non-tariff measures, removal of developed country tariff peaks and tariff escalation concerns with respect to all developing countries, improvement in disciplines on export restraints, having an extensive coverage of environmental goods and services, and large scale trade facilitation. Not addressing these issues are presently perceived by many as a major cause of concern and imbalance in the multilateral trade regime.

Moreover, the issue of balance arises in terms of all the different viewpoints being reflected in the negotiations, and participation of the large number of smaller and economic weaker countries in commercial negotiations. Nowhere except the multilateral trade system can you get such coverage and balanced approach.

Without moving forward and achieving a successful result in the Doha Round, we would be gradually weakening the multilateral trading system: a system which has shown great utility in containing the pressure for widespread protectionism during the recent financial and economic crisis. This is a system with inherent major value for giving greater balance and inclusiveness to the diverse membership of the global

community. . So the desirable and balanced way ahead is clear, i.e. to conclude the Doha negotiations which has substantial benefits already on the table. It is hoped that the increasing level of engagement that is being witnessed at present will intensify even further in the coming months as the economies pick up world-wide, so that WTO members can embark on the way forward which is both largely clear and has strong potential for a balanced outcome.