



International Chamber of Commerce

*The world business organization*

## Policy statement

### **World business and the multilateral trading system**

ICC policy recommendations for the Qatar ministerial conference of the World Trade Organization (November 2001)

Commission on International Trade and Investment Policy, 6 June 2001

#### French version

World business, as represented by ICC, believes strongly that the rules-based multilateral trading system built up through the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) is one of the central pillars of international cooperation. It has contributed greatly to liberalizing world trade and improving market access, and is a major driving force for global economic growth, job creation, and wider consumer choice. Regional and plurilateral trading arrangements are no substitute for that system. It is in the urgent interest of all WTO member countries to work closely together to reaffirm in concrete form the key role of the WTO multilateral system in the management of globalization and in enabling its benefits to spread throughout society in all parts of the world.

ICC continues to believe that new broad-based multilateral trade negotiations (whether formally labelled a 'round' or not) under the aegis of the WTO should be a priority on the international economic agenda. Early agreement to launch such negotiations would:

- reassure business that governments will continue to seek further market-opening measures - leading to additional business opportunities for international suppliers of goods and services - and will work to develop multilateral rules in line with new business realities and requirements;
- send a confidence-boosting signal to investors, traders and consumers that, at a time of growing uncertainty in the face of a pronounced slowdown in the global economy, governments from all continents are able to work together not only to resist protectionist pressures but to enlarge the potential for increasing trade and investment links between nations;
- reverse the impression given by governments in recent times that their focus has shifted to creating bilateral, plurilateral and regional trading arrangements at the expense of efforts to further liberalize multilateral trade through a global institution, the WTO.

### **The opportunity at Qatar**

ICC believes that the next ministerial conference of the WTO, scheduled for November 2001 in Qatar, provides a valuable opportunity to launch new multilateral trade negotiations. A start has already been made in Geneva, where negotiations on trade in services and agriculture are already under way as mandated by the Uruguay Round. ICC urges an agreement in Qatar to expand this agenda to cover a broader range of trade policy issues so as to improve the prospects of achieving a balanced result that all WTO members can subscribe to - but which is also manageable in the sense of being able to yield results within a relatively short period of time. If Qatar is to accomplish this objective, governments must demonstrate flexibility in the search for a consensus and commit themselves to summon the political will to carry out essential preparatory work for the ministerial conference.

ICC continues to attach the highest importance to the faithful implementation, in full and on schedule, of the commitments agreed to by governments in the Uruguay Round and in subsequent multilateral

**International Chamber of Commerce**

38 Cours Albert 1er, 75008 Paris, France

Tel +33 (0)1 49 53 28 28 Fax +33 (0)1 49 53 29 42

E-mail [icc@iccwbo.org](mailto:icc@iccwbo.org) Website [www.iccwbo.org](http://www.iccwbo.org)

negotiations that formed part of that round's unfinished business. Adherence to the letter and spirit of those agreements is an essential foundation for the further liberalization of world trade.

### **Addressing the concerns of developing countries**

Of particular importance to ICC is that new broad-based negotiations address as a priority the concerns of developing countries, especially their concerns arising out of the implementation of the Uruguay Round agreements. The developing countries, which now account for about three-quarters of WTO members, carry substantial weight in that organization and it is clear that, to support new multilateral negotiations, they have to feel strongly confident of making dependable gains in access to developed country markets, and especially for products in which they have a competitive advantage. Moreover, while new WTO negotiations should extend effective market access on a mutually-beneficial reciprocal basis, it must be recognized that many developing countries will require special transition periods and technical assistance to enable them to fulfil their commitments.

ICC urges governments to communicate more effectively to the public at large the benefits of trade liberalization for economic development so as to build more solid support for the rules-based multilateral trading system and progressive trade liberalization. For its part, ICC is prepared to contribute the business voice to this effort.

On behalf of world business, ICC recommends to governments the following strategic priorities for new multilateral trade negotiations.

### **Tariffs and non-tariff barriers**

The GATT made immense progress in dismantling tariff barriers to international trade, but its work is by no means completed. New negotiations should:

- substantially reduce tariff peaks and tariff escalation;
- eliminate tariffs that are already very low where the sectors concerned are in agreement;
- extend tariff bindings, particularly in respect of products for which tariffs remain high;
- include more signatories to zero-for-zero and tariff harmonization agreements; and
- improve transparency in the administration of tariff rate quotas during the process of eliminating them progressively over an agreed period of time.

Efforts to improve market access by further reducing tariffs should be complemented by more effective curbs on non-tariff barriers. This would be facilitated by encouraging developing countries to be more actively involved in the setting of global technical standards.

### **Anti-dumping**

To prevent abusive use of anti-dumping measures, ICC supports a more harmonized and disciplined approach in the implementation of the anti-dumping instrument.

### **Trade facilitation**

The benefits of trade liberalization flowing from successive rounds of multilateral negotiations continue all too frequently to be frustrated by cumbersome trade procedures - and, in particular, by antiquated, slow and bureaucratic customs procedures that impose heavy costs on business, and on consumers. New negotiations should develop comprehensive, transparent and effective multilateral rules to

simplify and modernize trade procedures - to the advantage, in particular, of developing and transition economies, and of small- and medium-sized enterprises.

### **Agriculture**

World population is growing rapidly and demand for calories is rising even faster. The negotiations in agriculture that have already started in Geneva must accelerate the process initiated in the Uruguay Round of reducing the substantial protectionist barriers that severely impede and distort trade in agricultural products, pose a heavy burden on consumers and taxpayers, and have a particularly injurious effect on the export capability of many developing countries. The aim must be increasingly to expose the sector to international competition through:

- further substantial tariff cuts to improve market access;
- the progressive elimination of export supports;
- the reduction of domestic farm support by the elimination of subsidies that encourage overproduction and distort trade;
- the promotion of food safety regulations grounded in scientific consensus about risk; and
- multilateral disciplines on the use of export restrictions with respect to agricultural products.

### **Services**

- A major priority must be to expand the number and improve the quality of countries' commitments on market access and national treatment under the General Agreement on Trade in Services (GATS) on the broad range of traded services.
- Negotiations should develop multilateral disciplines on the domestic regulation of services for integration into the GATS as legally-binding provisions, building on existing work on professional services and the pro-competitive principles accompanying the 1997 WTO Agreement on Basic Telecommunications Services.
- Agreement on international standards for certain services that are highly regulated nationally (such as financial services and insurance) would greatly facilitate the goal of expanding trade in those services.
- WTO members should make and/or improve GATS commitments in advertising and related services permitting full market access and national treatment, as well as commit to the adoption of least trade-restrictive measures as an overall principle.
- The need to move professional, technical and managerial personnel across national boundaries for purposes linked to international trade and investment should be treated as a priority issue in the GATS negotiations.
- The liberalization of government procurement of services remains an important objective of world business since it would open up a vast potential market to international competition.
- ICC supports efforts to liberalize maritime transport services provided liberalization is substantial and there is no acceptance of 'grandfathering' restrictive practices. Meaningful and comprehensive market access commitments, including the free establishment of maritime and related services, by a defined critical mass of countries are essential to any new GATS agreement on maritime transport services.
- Although the air transport sector possesses characteristics that make it peculiarly difficult to liberalize on a multilateral basis, ICC believes that a start could and should be made with air cargo.

### **International investment**

Foreign direct investment (FDI) is a major and rapidly-growing factor in the integration of the world economy. It is currently governed by several hundreds of bilateral investment treaties, and by

investment provisions in a few regional integration arrangements and WTO agreements. Governments should take the opportunity of new WTO trade negotiations to begin a process towards establishing high-standard rules by developing a framework of multilaterally-agreed principles for FDI, commencing with transparency, non-discrimination and national treatment (including to address the issue of more favourable treatment of foreign investors than of local enterprises). Such principles would complement and support the competitive process of autonomous liberalization of FDI currently being pursued by a growing number of developing countries.

### **Trade and environment**

Governments should be vigilant not to undermine the rules of the multilateral trading system when designing policies necessary to achieve environmental objectives, and in particular to ensure that such policies are not misused for protectionist purposes. New negotiations should:

- develop WTO-consistent criteria for the use of trade measures contained in multilateral environmental agreements; and
- clarify the application of the Uruguay Round Agreement on Technical Barriers to Trade to the expanding array of eco-labelling schemes in view of their potential for creating de facto trade barriers.

As part of a broader strategy to reconcile trade and environmental concerns, ICC commends to negotiators in the new round the significant environmental benefits that would flow from deep cuts in the huge subsidies that undermine sustainable agriculture, fisheries and energy.

### **Government procurement**

The membership of the plurilateral Agreement on Government Procurement must be broadened to make it truly multilateral. It should also be a major aim to increase transparency, openness and due process in government procurement.

### **Electronic commerce**

ICC does not believe that there is a class of services that can be labelled electronic commerce and thus negotiated separately. Current WTO obligations, rules, disciplines and commitments - namely the GATT, GATS, and TRIPS agreements - apply to e-commerce. Classification of "digital products" should be resolved after careful consideration of the facts and in a manner that does not favour one form of delivery over another. Any resolution of this issue should ensure that electronically delivered products (goods or services) receive market access and national treatment benefits that are no less favourable than those currently available for such products delivered physically. We urge governments to give full recognition in the new services negotiations to the fact that the breaking down of domestic regulatory barriers across a wide range of service sectors is essential to permit the robust development of electronic commerce. We also urge them to make permanent their current provisional commitment not to impose customs duties on electronic transmissions.

### **Intellectual property rights**

While there is scope for improving the Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) - particularly to take into account issues raised by new technological developments - world business attaches primary importance to the effective implementation of the commitments that governments have already made under the TRIPS agreement.

### **Trade and competition**

The WTO's pioneering work in analyzing the interaction between trade and competition policy in

dialogue with the business community should continue in order to advance understanding of the complex issues involved and their ramifications. Meanwhile, ICC welcomes the aim of the Global Competition Initiative to establish an independent forum to promote consultation, dialogue and consensus-building among national competition authorities on global competition problems.

#### **Labour standards**

ICC reaffirms its strong support for the decision taken at the WTO's first ministerial conference in Singapore in 1996 that the competent body to set and deal with labour standards is the International Labour Organization (ILO). We believe that trade sanctions are neither an appropriate nor an effective means to improve labour standards.

#### **Dispute settlement**

ICC believes it is of the utmost importance that governments strictly respect the role and authority of the WTO's dispute settlement mechanism. Governments should seek to resolve disputes through negotiation rather than litigation; and, when formal adjudication proves unavoidable, they should implement the decisions rather than resort to compensatory or retaliatory measures.

#### **Document n° 103/223 final**

6 June 2001