



Policy Statement

ICC recommendations for completing the Doha Round

Prepared by the Commission on Trade and Investment Policy

2006: the last best chance to complete the Doha Round

As a strong supporter of the rules-based multilateral trading system, the International Chamber of Commerce (ICC) -- which represents thousands of enterprises of all sizes and sectors in 130 countries -- calls upon all members of the World Trade Organization (WTO) to redouble their efforts to bring the Doha Round of multilateral trade negotiations to a successful conclusion by the end of 2006. Time is running out. Governments must undertake every effort to make progress on the core issues in concert in order to meet the deadlines established at Hong Kong and to achieve an ambitious, comprehensive and balanced result in the time remaining.

ICC believes that the objective of completing the Doha Round by the end of 2006 set at the Hong Kong ministerial conference remains achievable and that this constitutes the last best chance to arrive at a final substantial agreement acceptable to all members. The challenge is more political than technical. It requires the commitment of governments at the highest levels to find the political will to make compromises and difficult decisions on opening markets that recognize the common interest in success and the collective cost of failure.

What is at stake

A successful Doha Round can play a vital role in raising global living standards. As an indication of the magnitude of the contribution that an ambitious Doha Round agreement could make to the world economy, a new estimate in a recent World Bank publication of the global welfare impact from liberalization of merchandise trade -- including the elimination of domestic support and export subsidies -- is 287 billion US dollars.¹

Beyond the very substantial gains that would accrue from an ambitious Doha Round agreement -- including the progress made so far in some areas of the negotiations, in particular on trade facilitation --, it is also essential that WTO members give due consideration to the importance of safeguarding and strengthening the multilateral trading system. This system has shown itself to be what is arguably the greatest success story of international cooperation and has clearly benefited the world economy as a major driving force for growth, job creation, and wider consumer choice. WTO members are therefore urged to take a long-term view of what is at stake in the Doha Round beyond the specifics of the negotiations, and remind themselves of

¹ Dominique van der Mensbrugghe "Estimating the Benefits of Trade Reform: Why Numbers Change" in "Trade, Doha, and Development: Window into the Issues", edited by Richard Newfarmer, World Bank, 2005.

their individual and collective responsibility as custodians of the rules-based multilateral trading system. The Doha Round represents a critical opportunity to strengthen the multilateral and non-discriminatory trading system, which is essential to keeping in check the ever-present threat of protectionism and fragmentation. It is incumbent upon all WTO members to participate actively in the negotiations over the coming months to ensure their success.

Recommendations on specific elements of the Doha Round

ICC makes the following recommendations on specific elements of the Doha Round to all WTO member governments with a view to reaching an ambitious agreement by the end of 2006.

Tariff and non-tariff barriers for non-agricultural products

ICC considers that the negotiations on market access for non-agricultural products are of central importance to the Doha Round because of the benefits for both consumers and producers in all WTO member countries that further liberalization could bring. Therefore, it is strongly in the interest of both developing and developed countries to substantially reduce tariffs and non-tariff barriers with an appropriate sequencing of reductions. A large part of the expected gains from trade liberalization will result from the lowering of tariffs and non-tariff barriers by low and middle income countries, with a substantial portion of the potential benefits to come from increased trade among these countries.

ICC urges WTO members, as a priority and as early as possible in 2006 and no later than 31 July, to finalize the modalities for the negotiations on market access for non-agricultural products. These modalities should:

- apply an ambitious Swiss formula approach to eliminate or substantially reduce applied tariffs for all products with no a priori exclusions by specified deadlines,
- supplement this formula by other approaches, such as request and offer and sectoral initiatives to reduce or eliminate tariffs and non-tariff barriers, where these approaches would contribute to further liberalization;
- substantially reduce tariff peaks, high tariffs, tariff escalation, and tariff disparities;
- establish a tariff threshold under which tariffs would be set at zero in order to eliminate administratively burdensome tariffs;
- increase efforts to eliminate or substantially reduce non-tariff barriers;
- shift all tariff-related measures to bound ad valorem tariff rates; and
- bind substantially all tariff headings at the levels negotiated during the Round.

ICC welcomes the agreement at Hong Kong to provide duty and quota free access to products originating from least developed countries by 2008 and encourages WTO members to define more precisely in the modalities the following considerations for developing and least-developed countries:

- applying the “less than full reciprocity” principle, mainly through longer implementation periods but not through the exclusion of entire product lines or sectors;
- providing credit for autonomous liberalization on bound tariff lines;
- facilitating the involvement of developing countries in the setting of global technical standards; and

- greater targeting of technical assistance and capacity building particularly for least developed countries.

Agriculture

ICC calls on WTO members to reach agreement on specific modalities with the objective of achieving substantial cuts in domestic support and the dismantlement of market access barriers. These measures severely impede trade in agricultural products, impose a heavy burden on consumers and taxpayers especially in industrialized countries, and have a particularly injurious effect on the export opportunities of many developing countries. Improved market access, especially for products of export interest to developing and least developed countries, should be a key objective of the modalities and an essential outcome of these negotiations. ICC welcomes the decision taken at Hong Kong to eliminate export subsidies by 2013.

ICC strongly urges WTO members to reach final agreement, as a priority and as early as possible in 2006 and no later than 31 July, on full modalities for the negotiations on trade in agriculture, with a view to achieving the following:

- substantial reductions in domestic support measures that encourage overproduction and distort trade, which should result in a meaningful cut in the overall level of support, as well as in deeper cuts for higher levels of support. ICC considers it essential that further work on modalities concerning domestic support should include strong disciplines and precise criteria to promote meaningful liberalization and prevent circumvention of the objective of the negotiations through shifts of domestic support measures between the different categories of measures (boxes);
- a formula that will result in substantial improvements in market access for all products, including meaningful tariff cuts, deeper cuts for higher tariffs, as well as the expansion or elimination of tariff rate quotas;
- the avoidance of using non-trade concerns to create new barriers to trade in agriculture;
- the promotion of sound science and risk assessment as the basis for food safety regulations; and
- adherence to the principle of substantial improvement in market access for every product, even sensitive products. Therefore, it will be important to keep particular treatment of sensitive products to a minimum, and the preferred treatment for such products would be liberalization phased over longer time periods.

Services

ICC welcomes the objectives and approaches set out in annex C of the Hong Kong ministerial declaration and urges WTO members to use these as a guide in making new and improved commitments. All WTO members should engage in the process of exchanging requests and offers, both on a bilateral and plurilateral basis, adhering to the timelines agreed at Hong Kong. ICC remains very concerned by the slow progress of the services negotiations. All WTO members should participate actively in these negotiations with the aim of achieving progressively higher levels of liberalization on the broadest possible range of sectors and across all modes of service supply. Services trade liberalization accruing from the Doha Round must go beyond levels currently available through unilateral access.

ICC commends to WTO members the following objectives for the services negotiations:

- WTO members should make binding commitments on the autonomous liberalization undertaken in recent years, and further commit to dismantle obstacles to establishment or expansion of commercial presence abroad (“mode 3”), and offer additional commitments regarding freedom of establishment and non-discrimination.
- WTO members should offer additional commitments in relation to the cross-border provision of services (“mode 1”).
- Particular efforts should be made to schedule additional commitments under “mode 4”, due to the increasing need to move professional, technical and managerial personnel across national borders for purposes linked to international trade and investment; an area of particular interest to developing countries. Further progress should also be made towards the mutual recognition of professional qualifications.
- 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.
- The inclusion of safeguard measures should be avoided. Such measures should not inhibit the activities of companies in connection with local commercial presence.
- The development of multilateral principles for the domestic regulation of services, such as transparency, for integration into the General Agreement on Trade in Services as legally binding provisions should be an important element of the negotiations. This should build on the considerable work already undertaken by the WTO in this area such as the 1998 Disciplines on domestic regulation in the accountancy sector, and, for appropriate sectors, the pro-competitive principles enshrined in the Reference Paper accompanying the 1997 WTO Agreement on Basic Telecommunications Services.

Trade facilitation

ICC welcomes the substantive progress on this issue at the Hong Kong ministerial. Ministers endorsed the recommendations of the WTO Negotiating Group on Trade Facilitation, which provide a mandate for moving the negotiations to the drafting stage and to completion by the end of 2006. The scope of the mandate is broad and it includes most of the issues raised by ICC. ICC urges negotiators to follow through to achieve a rules-based agreement that contains meaningful disciplines, including the harmonized and effective application by all WTO members of their existing commitments under GATT articles V, VIII and X. All members should agree to a significant set of commitments that will bring about progressive improvements in trade facilitation, through the adoption of a comprehensive and integrated approach to simplifying the cost of international trade transactions and ensuring that all relevant activities take place in an efficient, transparent and predictable manner, based on internationally accepted norms, standards and best practices.

A WTO agreement on trade facilitation, in the form of a set of trade facilitation rights and obligations fully integrated into the corpus of WTO instruments, will be a major step toward the full realization of the benefits of trade liberalization flowing from successive rounds of multilateral negotiations. This will simplify and expedite information/data requirements and the movement, release and clearance of goods – to the advantage, in particular, of developing

economies and of small and medium-sized enterprises, and with significant welfare gains for all countries both when exporting and importing. A trade facilitation agreement is therefore a “win-win” proposition for all WTO members that will strengthen especially the capacity of developing countries to increase their share of international trade and investment flows, not least their trade with other developing countries. Furthermore, trade facilitation is of particular significance at a time when security concerns add challenges to cross-border trade management.

ICC considers that capacity building is a vital element to assist those countries unable to accomplish improved border management without assistance from more developed trading partners. The efficiency of capacity building efforts should be increased in order to avoid waste and duplication. This would entail improving the coordination of existing initiatives, achieving sustainable efforts and durable results, building management capacity, adopting common standards, taking a holistic approach that is adaptable to specific needs, focusing on transparency and measurement, building confidence, and engaging the private sector. In accordance with the agreed modalities, least developed country members should undertake commitments consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.

ICC commends the following key trade facilitation objectives and measures to WTO members for their consideration in the next phase of the negotiations and inclusion in an agreement:

- transparent conduct by customs and other government agencies, with easily accessible procedures and regulations, including an open, independent and efficient appeal process against customs decisions available to all importers;
- an authorization for legitimate traders, allowing operators to cross national borders with minimal interference, through the use of pre-arrival declarations and post-release audits, enabling customs to concentrate their resources on the key target of illegitimate trade;
- the measurement of goods release time at the frontier and the introduction of targets to encourage governments to reduce release time, which are essential since such measures will indicate improvements in facilitation independently of progress toward specific procedures;
- use of modern customs techniques such as risk assessment and profiling, enabling administrations to make direct resources gains, while reducing the time for legitimate trade to cross borders;
- utilization of commercial systems for customs controls including technologies, the internet and integrated information systems more rapidly adaptable to business and government needs than independent customs information technology systems;
- adoption and implementation of international standards in the trade transaction process such as those of the United Nations, the WCO and ICC;
- global automation to create a paperless environment, with data transmitted electronically, including over the internet;
- administration of official frontier controls by a single agency, preferably customs; and
- consideration, where appropriate, of a "seamless integrated transaction" where a core set of identification control data can be generated, submitted and processed at any time during the transaction to avoid duplication of the traditionally separate export and import procedures.

TRIPS

ICC is of the view that there has not been sufficient experience with the implementation of the existing TRIPS Agreement to warrant a re-opening of the text at this time, and that the built-in processes found in TRIPS Article 71 are the most appropriate ways of amending the Agreement. Technical assistance should instead be provided to countries that have not yet implemented their TRIPS obligations in order to build up their capacity to implement them expeditiously and properly.

ICC believes in particular that it would be premature to consider amending the agreement to provide for special disclosure requirements in patent applications. No consensus has yet developed as to whether special patent disclosure requirements are a desirable objective, nor on definitions of key terms. More experience is needed to see how well the current national systems work, and discussions in other fora on these issues should be allowed to come to fruition before the issue is taken into any renegotiation of the TRIPS Agreement.

Rules

Antidumping

ICC supports the aim of the negotiations launched at Doha to clarify and improve disciplines under the agreement on antidumping, while preserving the basic concepts, principles and effectiveness of this agreement and its instruments and objectives. The aim of these negotiations should be to prevent the abusive use of anti-dumping measures through a more harmonized and disciplined approach to the implementation of the anti-dumping agreement. ICC urges WTO members to undertake a balanced approach to this important element of the Doha Round.

Preferential trade agreements

ICC shares the deep concern expressed in the report of the Consultative Board to the WTO Director-General over the proliferation of preferential trade agreements, which threatens the integrity of the multilateral trading system and the principle of non-discriminatory trade, given the ineffectiveness of current WTO disciplines. Therefore, ICC attaches great importance to achieving substantive progress over the course of 2006 on clarifying and improving disciplines and procedures under the existing WTO provisions applying to preferential trade agreements. WTO members should agree on meaningful review procedures and effective multilateral disciplines. However, ICC also believes that the most effective long-term solution to concerns about the impact of discriminatory trade preferences is to ensure the successful conclusion of the Doha Round by year-end resulting in a broad and substantial multilateral reduction of tariffs and non-tariff barriers.

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Note: ICC commends to WTO members the detailed policy statements prepared by various ICC policy commissions on specific issues in the Doha Round negotiations. These policy statements are available on the ICC website at www.iccwbo.org

About ICC

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. ICC promotes an open international trade and investment system and the market economy, and helps business corporations meet the challenges and opportunities of globalization. Business leaders and experts drawn from ICC's global membership establish the business stance on broad issues of trade and investment policy as well as on vital technical subjects. ICC was founded in 1919 and today it groups thousands of member companies and associations from 130 countries.