

## **G-15 Ministerial Communique On WTO Ministerial**

G-15 Ministerial Meeting in preparation for the third Ministerial Conference of WTO at Seattle: Chairman's summary (August 17-18, 1999, Bangalore, India)

1. The Ministerial Meeting of the Group of Fifteen, in preparation for the Third Ministerial Conference of WTO at Seattle, was held at Bangalore, India on 17-18 August 1999. His Excellency Mr. Ramakrishna Hegde, Commerce Minister of India, chaired the meeting.
2. India hosted this preparatory Meeting in pursuance of the decisions taken at the IX Summit of the Heads of State and Government of the Group of Fifteen at Montego Bay, Jamaica in February 1999. Reaffirming the importance of a transparent, fair and equitable rule-based multilateral trading system under the WTO, the Summit had highlighted the legitimacy of the development objectives of developing countries. The Summit had stressed the need to preserve economic spaces within the multilateral trading system to implement market oriented development policies as well as the need for full implementation of the special and differential provisions in the WTO Agreements.
3. Against the backdrop of the above guidelines provided by the Montego Bay Summit, the delegates had detailed discussions with reference to the current stage of preparations at Geneva. The objective was to ensure that the interests of developing countries were fully taken on board and that the gains of the multilateral trading system contributed positively to the economic development of developing countries. The discussions were structured into five sessions in line with the work programme established during the Second Ministerial Conference of WTO at Geneva.
4. In the first Session, the focus was on issues and concerns arising out of implementation of existing agreements, as well as mandated negotiations and mandated reviews referred to in para 9 (a) of the Geneva Ministerial Declaration. The delegates attached utmost importance to redressing the difficulties faced by developing countries in the implementation of the WTO Agreements. It was observed that only by meaningfully addressing the implementation issues and concerns, can it be ensured that developing countries, and especially the least developed amongst them, secure a share in the growth of international trade, commensurate with their economic development needs.
5. The delegates recognized three facets of implementational issues and concerns. The first is the removal of inequities in the existing agreements to restore the balance of rights and obligations forged in the Uruguay Round. Second is the non-realization of benefits by many developing countries in areas of interest to them, such as agriculture and textile and clothing sectors, because of the failure of developed countries to fulfil their obligations in spirit. Third is the special and differential provisions in the Uruguay Round Agreements, which have remained unimplemented. These provisions, including those of a best endeavour nature, have to be operationalized if the developing countries are to derive the intended benefits of these provisions.
6. Delegates noted that developing countries are facing difficulties in effective and timely implementation of their commitments because of resource and institutional constraints and lack of adequate technical assistance. Several delegates also referred to many specific implementation problems. Non-operationalization of the transfer of technology provisions and lack of benefit sharing on biological resources and traditional knowledge accessed for innovations under the TRIPS Agreement, inability of developing countries to use regulations necessary to accelerate their industrialization process because of the TRIMS provisions and inability to use subsidies for development and diversification and upgradation due to the Subsidies Agreement were pointed out. Similarly, special provisions in the Anti-dumping Agreement, the Dispute Settlement Understanding and the SPS and TBT Agreements meant to benefit developing countries have been virtually ignored by the developed countries. In this regard, reference was made to the repeated and unreasonable imposition of anti-dumping and countervailing duties by developed countries. Also, lack of meaningful implementation of the Agreement on Textile and Clothing and non-reduction of tariffs in areas of interest to developing countries showed lack of concern of developed countries for the core interests of developing countries.

7. In the light of the concerns expressed, the delegates agreed that these issues were required to be addressed appropriately in the preparatory process in Geneva on priority. The delegates observed that these issues flowed from the balance expected in the Uruguay Round and did not require undertaking any new obligation by the developing countries. In this regard, the delegates noted with particular concern the problems being encountered by small and vulnerable economies.

8. Given the importance of finding effective solutions to the implementational problems faced by developing countries, the delegates emphasized the need for adoption of coordinated and mutually supportive positions by G- 15 countries, particularly through their Geneva based Permanent Representatives accredited to the WTO, with a view to ensure that the necessary corrective measures are taken by the Seattle Ministerial.

9. On mandated negotiations. in the Agreement on Agriculture, the delegates observed that any delay in pursuing further liberalization is unwarranted. They highlighted the need to work towards introducing greater equity and balance in the Agreement and dismantling of trade-distorting measures. The importance of providing necessary flexibility to developing countries for the adoption of domestic policies with the intention of improving the general levels of production for achieving food security and enhancing the income levels of the rural poor through assured rural employment was recognized. The delegates expressed serious concern about the lack of implementation of the decision taken at Marrakesh regarding net food importing developing countries.

10. The delegates agreed that in the services sector, there was need to maintain the existing structure of the Agreement on Trade in Services and emphasized the importance of the concept of progressive liberalization already incorporated in it. Importance was laid in the discussions on the liberalization of areas of interest to developing countries, particularly the need for more substantial commitments by developed countries under mode 4, namely, movement of natural persons.

11. Delegates recalled that developing countries, including several G-15 Members, showed flexibility at the First Ministerial Meeting in Singapore in agreeing to launch an educative programme on certain new subjects like Trade and Investment, Trade and Competition Policy, Trade Facilitation and Transparency in Government Procurement. The second Session covered these issues.

12. The work on Trade and Investment had shown that the issue was complex and multifaceted. Given the complexity of the task, Members of the OECD had not been able to reach any agreement on a discipline on investment. Several delegations while noting that developing countries had been pursuing an autonomous policy of investment liberalization suited to their specific needs emphasized that this trend should be allowed to evolve. They felt that the study and analysis carried out by the working group had so far not been able to establish the need to develop a multilateral set of rules on investment in WTO. A few delegations, however, said that while they were not demanders of a multilateral regime in this area they could go along with a consensus.

13. On competition policy, delegates were of the view that it would be premature to talk of a multilateral competition framework at present, given the complexities of the issue shown during the discussions in the WTO working group, which was still in an analytical phase. Delegates also emphasized the need to address the issue of restrictive business practices by transnational corporations as well as anti-competitive effects of certain trade remedial measures. The delegates rejected any move to gradually multilateralize the existing Plurilateral Government Procurement Agreement. While discussing possible transparency related disciplines, they observed that certain elements of the scope of the issue also required further consideration. Delegates observed that facilitation issues were already reflected in various WTO Agreements like Customs Valuation, Rules of Origin, etc. and this was a systemic issue, which Members could autonomously pursue.

14. The third Session was devoted to integration of Least Developed Countries (LDCs) into the multilateral trading system. Delegates recalled that in the last summit of Heads of State and Government of the G- 15 held at Jamaica, full implementation of the measures agreed at the WTQ High-level meeting for LDCs had been urged. It was noted with concern that implementation of the Integrated Framework for LDCs had fallen short of expectations, and LDCs had yet to obtain tangible results. It was recognized that urgent steps were needed to integrate such economies into the multilateral trading system.

15. Over and above the Singapore issues, there are certain other issues, which are being suggested for inclusion into

the negotiating agenda of WTO. These include issues such as Industrial Tariffs, Electronic Commerce, Trade and Environment, Transparency in WTO Functioning and Global Policy Coherence. There are even attempts to reintroduce the Social Clause. The fourth Session was devoted to these new issues.

16. The delegates observed that the benefits of tariff reduction commitments undertaken in the last round have not accrued to the developing countries to the extent anticipated, in view of the prevalence of tariff peaks, tariff escalations and non-tariff barriers in respect of items of particular interest to developing countries. Some delegations therefore, were not in favour of a new round of tariff negotiations. Certain delegations stated that in order to address these issues they would favour negotiations on industrial tariff reductions, without excluding any industrial sectors. Some delegations said that while they were not demandeurs of such negotiations, they were not opposed to it either. Certain other delegations said that while tariff peaks and tariff escalations were a matter of concern to them they were not very sure whether the developed countries would be willing and able to dismantle tariff peaks and tariff escalations even in a new round of tariff negotiations. It was observed that the issues of tariff peaks, tariff escalations and non-tariff barriers in the developed countries overhanging from the Uruguay Round must be addressed effectively for market access to be meaningful. Many delegations affirmed the need for due credit to tariff reductions already effected autonomously by developing countries. Many delegations strongly opposed any concept of standstill on tariff reduction based on applied tariffs or a commitment to harmonize tariffs.

17. On Electronic Commerce, it was noted that a work programme to examine all trade-related issues relating to global electronic commerce has been launched. This work programme has identified many complexities involved in electronic commerce. Many delegates emphasized the need to look at electronic commerce from the perspective of developing countries and the need to address the important issues raised in the work programme.

18. Most delegates agreed that environment is ab initio a non trade issue, and that all legitimate environmental concerns can be accommodated within the existing WTO provisions, including Article XX of GATT 1994. Delegates agreed that the work programme in the Committee on Trade and Environment (CTE) should continue. Since trade is seldom at the root of environmental problems, they were particularly concerned with attempts to give legitimacy to protectionism in the garb of environmental concerns. Delegates urged the Ministers at Seattle to clearly recognize that environmental standards differ from country to country and that the solution lies in mutual recognition of only product-related standards rather than harmonization of environmental standards. In order to show the mutual supportiveness of trade and environment, trade distortive agricultural export subsidies should be removed by the developed countries and biological resources and traditional knowledge of indigenous communities should be respected in WTO rules and benefits arising out of their use equitably shared with them. The delegates should also recommend that in cases of proprietary technologies or substances mandated for use by international agreements or national environmental laws, owners of intellectual property should be required to sell them at fair and most favourable terms and conditions.

19. It was noted that some WTO members are pressing for institutional reforms and greater "transparency" in the dispute settlement proceedings of WTO and for unrestricted access to WTO documents. It was observed that the dispute settlement process is a Government to Government exercise and therefore, there is a need to maintain confidentiality at all stages of the proceedings. Allowing observers to be present in the meetings of the Panel and the Appellate Body, making it obligatory to publicize the various submissions of the parties during the hearing and allowing submission of amicus curiae briefs would prejudice an objective and legal examination of issues as well as result in a situation where non-members acquire better rights than members not parties to the dispute. Thus, the issue here is not as much of "transparency" as of the timing of disclosure of documents and of dispute settlement proceedings.

20. The call by some developed countries for a greater coherence between WTO and other intergovernmental organizations was noted. It was noted that the Marrakesh Ministerial Declaration ruled against the imposition of any cross conditionalities or additional conditions being imposed by such organizations. Delegates observed that initiatives towards greater coherence need to be viewed with caution. It was agreed that closer relationship between institutions can not relieve members of the WTO from their own responsibility to keep markets open and avoid recourse to trade distorting measures. In particular, it cannot discharge the obligation of the membership to build the development dimension into the fabric of trade agreements, as undertaken in the preamble of the Marrakesh Declaration. It was also agreed that initiatives on coherence should not be used to reduce the policy options now open to developing countries; to pursue their developmental needs.

21. The delegations rejected any linkage between trade and core labour standards. They recalled that this issue had been finally settled in the Singapore Ministerial Declaration. They decided to resolutely oppose any renewed attempt to raise this issue in the WTO.

22. All delegates agreed that the resolution of the implementation issues and concerns should be treated as a priority issue in the Seattle Ministerial Conference. Many delegates expressed the view that mandated negotiations and mandated reviews should constitute the core agenda for the next round of negotiations. Some delegates were prepared for limited add-ons like tariff negotiations. It was stated by many delegates that overloading of the agenda would definitely cause delay in the fructification of negotiations as happened in the Uruguay Round. Regarding the issue of a Single undertaking, most delegations were of the view that it has both advantages and disadvantages and that a final view could be taken only after the scope of negotiations is determined. Most delegates did not want creation of any new bodies for negotiations as the developing countries have limited resources to participate effectively. Delegates stated that the form of the Seattle Declaration should be clear and unambiguous to avoid the risk of possible misinterpretations. All delegations agreed that the final outcome of the Seattle Ministerial Conference should be based on consensus.

23. Noting that G-15 Members have made a number of proposals in the 'process' established in the General Council, delegates observed convergence of their core concern to fully and meaningfully implement the special and differential provisions built into the existing agreements in order to ratchet the balance of rights and obligations sought to have been realized during the Uruguay Round without expecting developing countries to give any further concessions. The Chairman recommended that G-15 should actively coordinate their positions to adopt a uniform approach on issues of common concern and pursue the same at specific WTO negotiations.

24. In conclusion the Meeting reaffirmed its commitment to a rule based and equitable multilateral trading system resulting in full integration of developing countries into the system for their economic development and for global trade expansion. The Meeting reiterated the importance of greater and easier market access for the products of interest to developing countries.

25. The meeting expressed deep shock at the loss of lives in the earthquake that hit Turkey on 17th August 1999, and offered their condolences to the Government and the people of Turkey on this tragedy.

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