



**International Chamber of Commerce**

*The world business organization*

## **Policy statement**

### **Commission on Trade and Investment Policy**

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

*ICC policy recommendations  
for the Doha Development Agenda following the WTO  
Cancún Ministerial Conference*

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# World business and the multilateral trading system

## *ICC policy recommendations for the Doha Development Agenda following the WTO Cancún Ministerial Conference*

### **Putting the Doha round back on track**

World business, as represented by ICC, strongly believes 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.

It is therefore in the interest of all WTO member countries to work closely together to ensure the success of the Doha Development Agenda, launched at the 4<sup>th</sup> Ministerial Conference of the WTO in November 2001 at Doha (Qatar). ICC takes this opportunity to convey key business messages and policy recommendations to WTO members for a successful completion of the Doha Development Agenda, taking into consideration the stumbling blocks which led to the failure of the 5<sup>th</sup> WTO Ministerial Conference in September 2003 in Cancún (Mexico) and developments since then.

Notwithstanding forthcoming key political deadlines, ICC believes that there is a window of opportunity to make significant progress over the coming months, paving the way for a meeting at the ministerial level to lock-in this progress at the earliest possible opportunity.

It is incumbent upon all WTO members to ensure that a positive momentum is regained over the year, so that the Doha Development Agenda can be put back on track. The slower the progress of multilateral trade negotiations, the greater the temptation will be for countries to resort to bilateral and regional approaches. It is therefore essential that the rules-based multilateral trading system keep up with the pace of global economic developments and new business realities.

ICC suggests that WTO member governments focus their work on the following priorities:

- reaching agreement on a framework and negotiating modalities on agriculture with a view to improving market access – for developing country agricultural products in particular –, and eliminating or substantially reducing trade-distorting subsidies;

- reaching agreement on a framework and negotiating modalities on market access for industrial products, with greater attention paid to non-tariff barriers; and
- finding a way to move forward each of the so-called Singapore issues – competition investment, trade facilitation and transparency in government procurement – on their own merit and at their own pace. ICC attaches strong importance to the inclusion of trade facilitation and transparency in government procurement in the negotiation at the earliest possible date.

In addition, WTO members must recognize that progress on agriculture is the key to progress in other areas.

It will be essential, in our view, for ministers and capitals to stay strongly engaged and to give Geneva Ambassadors clear negotiating mandates to ensure steady progress during this year.

However, especially in light of resurgent protectionist rhetoric, ICC considers it an essential responsibility of governments to communicate more effectively to the public at large the benefits of trade liberalization for economic growth and development so as to build more solid support for the rules-based multilateral trading system.

Towards this end, ICC, as the only organization representing business across all sectors and all parts of the world, will intensify its efforts to broaden the global business dialogue on the multilateral trade agenda, particularly between business in industrialized and developing countries, in order to assist WTO member governments and their delegations in Geneva in reaching consensus by providing world business input into their work.

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

Of particular importance to ICC is that the Doha Development Agenda addresses as a priority the concerns of developing countries. These countries, which now account for about three-quarters of WTO members, carry increasing weight in that organization. It is clear that if they are to support moving the Doha Development Agenda forward, they have to feel strongly confident of making concrete and reliable gains in access to developed country markets, and especially for products in which they have a competitive advantage such as agricultural products, as well as benefiting from further trade liberalization among themselves.

To open up markets and to create a business-friendly legal framework for foreign investors is an essential part of a sound development strategy. Improved market access will also encourage market-oriented transfers of technology, which are an important concern for developing countries. Only a strategy that fosters the development of the private sector and integration into the world economy can achieve the poverty alleviation so desperately needed in the developing world. In this sense, the Doha Development Agenda should lead to a further dismantling of barriers to trade in developing as well as developed countries. All WTO members, especially industrialized and emerging economies, must be prepared to exchange market access concessions.

At the same time, while the Doha Development Agenda should extend effective market access on a mutually beneficial basis, it must be recognized that many developing and transition countries will require special transition periods and technical assistance to enable them to fulfil their commitments.

## **ICC policy recommendations on specific elements of the Doha Development Agenda**

### **Tariffs and non-tariff barriers for non-agricultural products**

The GATT made immense progress in dismantling tariff barriers to international trade, but its work is by no means completed. Remaining tariffs inhibit trade significantly and cause substantial commercial and economic inefficiencies. Their elimination is one of the largest potential sources of economic benefits to all parties in this negotiation. Thus, ICC believes that WTO members should aim at the elimination of all remaining tariffs on non-agricultural products.

ICC considers that the negotiations on market access for non-agricultural products is of central importance to trade liberalization because of the benefits for all WTO members that such liberalization could bring. In particular, it is strongly in the interest of developing and least-developed countries (LDCs) to substantially reduce tariff barriers, provided that capacity building and sequencing of tariff cuts are appropriate to individual situations. A large part of the expected gains from tariff reduction will result from tariff reduction by low and middle-income countries, with many of these gains resulting from increased trade among these countries.

ICC urges WTO members to agree on modalities for the negotiations on market access for non-agricultural products, with a view to:

- eliminate or substantially reduce tariffs for all products by specified deadlines using a formula approach starting from applied tariff rates, and supplement this formula approach by other modalities, such as zero-for-zero, harmonization, and request-offer, where they would assist in further liberalization.
- substantially reduce tariff peaks, high tariffs, tariff escalation, and tariff disparities;
- eliminate low tariffs by establishing a tariff threshold, under which tariffs would be set at zero;
- shift all tariff-related measures, including tariff-rate quotas, to ad valorem tariff rates;
- bind 100 percent of tariff headings at the levels negotiated during the round;
- expand member and product coverage of sectoral agreements;
- eliminate or substantially reduce non-tariff barriers and increasingly involve developing countries in the setting of global technical standards; and
- include export duties, restrictions and export bans within the scope of the negotiations.

ICC encourages WTO members to agree to the following considerations for developing and least-developed countries (LDCs):

- credit for autonomous liberalization;
- elimination of industrialized country tariffs for products from LDCs;
- application of the “less than full reciprocity” principle mainly through longer phase-in periods; and
- greater targeting of technical assistance funding for LDCs.

With regards to environmental goods, WTO members should identify a list of commonly agreed objective criteria for the identification of environmental goods. Production and/or process methods (PPMs), as well as the end-use of a product, should be excluded as criteria.

### **Agriculture**

WTO members must achieve concrete progress towards the elimination of trade-distorting export supports, market access barriers, and domestic support measures that severely impede trade in agricultural products, impose a heavy burden on consumers and taxpayers, and have a particularly injurious effect on the export capability of many developing countries. ICC urges WTO members to agree on a framework and modalities for agricultural trade negotiations. The overriding aims of the negotiations must be increasingly to expose the sector to international competition through:

- the progressive elimination and ultimate prohibition of all forms of trade-distorting export supports;
- further substantial reductions in domestic support measures that encourage overproduction and distort trade;
- the avoidance of using non-trade concerns to create new barriers to trade in agriculture;
- meaningful tariff cuts from applied rates in order to improve market access; and
- the promotion of food safety regulations based on sound science and risk assessment.

ICC is of the view that the success of the Doha Development Agenda depends largely on substantial farm trade liberalization, which is an issue of key importance to developing countries. WTO members, particularly industrialized countries, must therefore be prepared to undertake the necessary agricultural policy reforms to allow effective market access to agricultural exports from developing countries, especially to products in which they have a competitive advantage.

**Singapore issues**

ICC has consistently called WTO members to treat each of the so-called Singapore issues – trade facilitation, transparency in government procurement, investment, and trade and competition – on their own merit and at their own pace.

***Trade facilitation***

ICC urges WTO members to launch negotiations on trade facilitation at the earliest possible date, regardless of the decisions made on the other “Singapore issues”. Such negotiations will be instrumental in ensuring the full realization of the benefits of trade liberalization flowing from successive rounds of multilateral negotiations by further expediting the movement, release and clearance of goods – to the advantage, in particular, of developing and transition economies, and of small and medium-sized enterprises. The largest potential for improvement in trade facilitation exists in developing countries, and they are therefore likely to be the main beneficiaries. A WTO trade facilitation agreement will augment the capacity of developing countries to enlarge their share of international trade, not least their trade with other developing countries.

Trade facilitation is all the more important for business at a time when security requirements risk slowing down cross-border trade. A trade facilitation agreement is fundamental to the establishment of an improved and more efficient management process for international trade in goods on a global basis. All WTO member countries will benefit from it – especially those burdened with the least efficient trading processes, either through infrastructure or managerial limitations or because of procedural barriers being imposed by trading partners.

***Government procurement***

ICC reaffirms its call for WTO members to agree to formally launch the negotiation of a binding, multilateral agreement to increase transparency in government procurement. ICC believes that WTO members should find a way to launch negotiations on transparency in government procurement within the Doha Development Agenda.

With goods and services procured by governments comprising nearly 15 per cent of the world's Gross Domestic Product (GDP), the conduct of government procurement sets a model for commerce throughout each nation's markets. Accordingly, many governments have established defined rules to ensure fair and open competition, transparency, avoidance of bribery and corruption, and in some cases open trade with other nations.

Conversely, in other parts of the world, too many other nations maintain opaque systems. The narrower government procurement market of those countries that neither apply the existing transparency procedures of the WTO plurilateral agreement on government procurement nor maintain transparent procurement systems, is estimated to be about 5 per cent of world GDP.

**Investment**

ICC understands that time will be necessary to build consensus among all WTO members on the opportunity to open multilateral negotiations on investment and that it does not appear feasible to include an investment negotiation in the single undertaking. Nonetheless, ICC attaches great importance to the goal of establishing a legally binding, comprehensive multilateral framework of WTO rules for investment that would provide for better market access, greater transparency and high standards of investment protection worldwide. Such a framework should reflect in a balanced way the interests of home and host countries, and take due account of the development policies and objectives of host governments, as well as their right to regulate in the public interest, without discriminating against foreign investors.

A practical way for the WTO to make progress on investment would be for the Working Party on Trade and Investment to undertake an examination of the common elements of existing bilateral investment treaties concluded between WTO members, and in particular between developing and industrialized WTO members, for the purpose of encouraging transparency and using these elements as a possible basis for an eventual negotiation.

**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.

To assist WTO members in their consideration of further WTO work on trade and competition, ICC has submitted views on the scope and complexity of the issues set out in paragraph 25 of the Doha Declaration. This submission outlines the key matters that require consideration in any discussion of competition policy norms. The issues in question are complex, there are significant differences among WTO members on substantive competition law principles and their application, and the framework for any discussion of competition policy norms is constantly changing. In this context, the issue of the inclusion of a competition framework in the WTO system should be assessed very carefully. ICC urges the WTO to continue to study the interaction between trade and competition policy and how the WTO can best address that interface.

**Services**

ICC attaches a high priority to substantial liberalization of services trade in the Doha negotiations. WTO members should confirm their full commitment to the exchange of requests and offers to ensure that the negotiations on trade in services continue to make progress. ICC urges all WTO members to participate actively in the GATS negotiations and, in particular, to table initial offers as soon as possible. At the same time, ICC welcomes the granting of credit to WTO members who have undertaken autonomous liberalization.

- The 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 in the domestic regulation of services, such as transparency, for integration into the GATS as legally binding provisions. Examples include the existing work on professional services and the pro-competitive principles enshrined in the Reference Paper accompanying the 1997 WTO Agreement on Basic Telecommunications Services.
- Agreement on international standards for certain services that are highly regulated nationally would greatly facilitate the goal of expanding trade in those services.
- The need to move professional, technical and managerial personnel across national borders for purposes linked to international trade and investment should be treated as a major issue in the GATS negotiations, and further progress should 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.

In particular, governments wishing to improve the efficiency of their services sector should make further commitments on the following services, which ICC has identified as key priorities:

- ICC supports the further reduction of barriers to foreign participation in financial services and insurance and believes that liberalizing trade in financial services will play a critical role in building and enhancing the financial services infrastructures and economies of all WTO members regardless of their stage of development.
- 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.
- ICC supports the further liberalization and recognition of express delivery services as a distinct services sector on a fair basis with government suppliers of these services. Express delivery services are a key infrastructure underpinning increasing shares of world trade.
- ICC believes that further commitments should be made by WTO members to remove barriers to advertising services under the GATS. The introduction of competition through liberalization will encourage the advertising industry to evolve to meet the requirements and challenges of consumers and its business users and will provide a stimulus for advertisers to offer choice and quality in their services.

Since an efficient services sector significantly reduces transaction costs, it is a powerful vehicle to strengthen the competitiveness of the whole economy and, in particular, to attract foreign direct investment. Dismantling barriers to trade in services brings particular benefits to small and medium-sized enterprises, who otherwise often lack the



resources to overcome these hurdles. Liberalization of trade in services would enhance competition and consumer choice in both importing and exporting economies.

### **Electronic commerce, information technology and telecommunications**

Consistent with our view that current WTO obligations, rules, disciplines and commitments -- namely the GATT, GATS, and TRIPS agreements -- apply to e-commerce, ICC has developed the following key principles regarding the negotiations affecting e-commerce, information technology and telecommunications:

- WTO members should implement fully existing commitments and further liberalize all basic telecommunications, value-added and computer and related services including scheduling market access and national treatment commitments for all service sectors without restriction, earlier implementation dates, reduction or elimination of foreign ownership restrictions, adoption of and adherence to the “Reference Paper” for basic telecommunications services only, and compliance with the GATS Annex on Telecommunications.
- WTO members should commit to fully liberalize trade in services sectors associated with the infrastructure needed for business-to-business and business-to-consumer e-commerce.
- WTO members should agree to eliminate duties on all information technology products in line with the goals of full realization of the Information Technology Agreement, and to pursue an expansion of member and product coverage.
- Whether considered goods or services, digital products should continue to flourish in a liberal and open trade environment, with full market access and national treatment and no imposition of discriminatory measures, quantitative restrictions or other trade barriers.
- WTO members should agree that the interpretation of classifications under existing international classification schemes such as those in the GATS schedules, is sufficiently flexible to capture technological progress and evolution in the delivery of services.
- WTO members should agree that valuation of digitizable products delivered on a physical medium should be based on the value of the physical medium only.
- Intellectual property made available over digital networks should receive strong and effective protection.
- In light of the importance of trade liberalization in digital trade, the moratorium on customs duties on electronic transmissions should be made permanent and binding.
- Where legitimate public policy objectives require domestic regulations that affect e-commerce, any such regulations should be consistent with existing WTO principles. They should be transparent and non-discriminatory, should represent the least-trade restrictive measures available and should promote an open market environment.

**Intellectual property rights**

ICC attaches primary importance to the effective implementation by WTO members of their commitments under TRIPS, and continues to support this agreement's basic principles.

ICC fully shares WTO members' concerns that adequate measures should be taken so that serious epidemics of infectious diseases such as HIV/AIDS, tuberculosis and malaria in the developing world can be effectively treated. In this regard, ICC welcomed the agreement reached by WTO members on 30 August 2003 with regards to paragraph 6 of the Doha Declaration on TRIPS and Public Health. ICC is confident that the system agreed will contribute to allowing the receiving countries to access the medicines they need and provide effective safeguards against abuse which would erode the patent system and discourage innovation.

More specific recommendations on geographical indications, technology transfer and the relationship between TRIPS and the Convention on Biodiversity, can be found in the ICC papers referenced in the conclusion of this statement.

**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.

**Dispute settlement**

ICC believes that it is of the utmost importance that governments strictly respect the role and authority of the WTO's dispute settlement mechanism. A key aim of any improvements and clarifications of the WTO dispute settlement system should be to ensure that when formal adjudications become unavoidable, WTO decisions are implemented fully and expeditiously, thus minimizing instances of retaliation. WTO members should consider more carefully whether or not to bring a dispute case, and should rely increasingly on mediation and arbitration for dispute resolution.

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The above strategic recommendations for the Doha Development Agenda are based on more detailed ICC policy statements, which cover key issues in the Doha Round. These policy statements are listed below for easy reference, and are available on the ICC website at [www.iccwbo.org](http://www.iccwbo.org):

- “ICC proposals on market access for non-agricultural products”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2003/market\\_access\\_non\\_ag\\_products.asp](http://www.iccwbo.org/home/statements_rules/statements/2003/market_access_non_ag_products.asp)
- “Agricultural trade and the Doha Development Agenda”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2002/agricultural-trade.asp](http://www.iccwbo.org/home/statements_rules/statements/2002/agricultural-trade.asp)
- “ICC recommendations for a WTO agreement on trade facilitation”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2003/trade\\_facilitation.asp](http://www.iccwbo.org/home/statements_rules/statements/2003/trade_facilitation.asp)
- “Competition policy in the WTO: Doha Declaration issues”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2003/Competition\\_policy\\_in\\_the\\_WTO.asp](http://www.iccwbo.org/home/statements_rules/statements/2003/Competition_policy_in_the_WTO.asp)
- “The liberalization of trade in financial services”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2000/liberalization\\_of\\_trade\\_2.asp](http://www.iccwbo.org/home/statements_rules/statements/2000/liberalization_of_trade_2.asp)
- “The liberalization of trade in insurance services”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2000/liberalization\\_of\\_trade.asp](http://www.iccwbo.org/home/statements_rules/statements/2000/liberalization_of_trade.asp)
- “The liberalization of advertising services”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2002/liberalization\\_advertising\\_services.asp](http://www.iccwbo.org/home/statements_rules/statements/2002/liberalization_advertising_services.asp)
- “ICC’s strategic objectives for multilateral trade negotiations to ensure a trade regime that facilitates competition in telecommunications and e-business”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2002/ebitt\\_multitrade.asp](http://www.iccwbo.org/home/statements_rules/statements/2002/ebitt_multitrade.asp)
- “Initial views on the post-Doha Agenda of the Council for TRIPS”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2002/initial\\_views\\_on\\_post\\_doha\\_agenda.asp](http://www.iccwbo.org/home/statements_rules/statements/2002/initial_views_on_post_doha_agenda.asp)
- “Further views on cross border compulsory licensing”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2002/cross\\_border\\_compulsory\\_licensing.asp](http://www.iccwbo.org/home/statements_rules/statements/2002/cross_border_compulsory_licensing.asp)
- “Further views on geographical indications”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2003/further\\_views\\_on\\_geographical.asp](http://www.iccwbo.org/home/statements_rules/statements/2003/further_views_on_geographical.asp)
- “ICC proposals for improvements to the WTO Dispute Settlement Understanding”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2003/wto\\_dispute\\_settlement.asp](http://www.iccwbo.org/home/statements_rules/statements/2003/wto_dispute_settlement.asp)
- “Regional trade agreements and the multilateral trading system”  
[http://www.iccwbo.org/home/statements\\_rules/statements/2002/Regional%20trade%20agreements\\_multilateral%20trading%20system.asp](http://www.iccwbo.org/home/statements_rules/statements/2002/Regional%20trade%20agreements_multilateral%20trading%20system.asp)

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## **The International Chamber of Commerce**

ICC is the world business organization, the only 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. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution.

Within a year of the creation of the United Nations, ICC was granted consultative status at the highest level with the UN and its specialized agencies.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC was founded in 1919. Today it groups thousands of member companies and associations from over 130 countries. National committees in the world's major capitals coordinate with their membership to address the concerns of the business community and to convey to their governments the business views formulated by ICC.