

WORLD TRADE ORGANIZATION

WT/MIN(96)/ST/2

9 December 1996

(96-5172)

MINISTERIAL CONFERENCE
Singapore, 9-13 December 1996

Original: English

EUROPEAN COMMUNITIES

Commission of the European Communities

Statement by Sir Leon Brittan Q.C. Vice-President of the European Commission

Let me begin by thanking you, Chairman, and your colleagues in the Government of Singapore for your hospitality. You have set a standard which others will find hard to match in years to come.

In less than two years, the WTO has made an excellent start. The implementation of obligations has gone, we think, surprisingly well. The dispute settlement system has lived up to expectations in providing an effective basis for the peaceful resolution of disputes. Much of the credit for that success goes to Renato Ruggiero and to the Secretariat. They all deserve appropriate recognition.

If we are to earn credit, too, this week, we must show that WTO Ministers can look ahead and set a direction for the Organization.

Let me mention just four important factors to which WTO must react.

First, the emerging information age throws up particular problems, some of which are immediate (like completing the telecommunications negotiations and freeing trade in IT products) and some of which are longer term (like the need to provide proper protection for electronic data, particularly personal data).

Second, we have the remarkable changes going on in China, as well as a continuing process of economic renewal elsewhere in Asia and in Latin America. This is fundamentally changing the way the international economic system works but, most important, it is spreading more broadly the responsibility for shaping that system. Hence the urgent need for WTO enlargement.

Mere membership of WTO does not alas guarantee any benefit from recent developments in the global economy. The third trend I would therefore like to highlight is the continued marginalization of many in the least developed countries.

The European Union is ready to make commitments to open further its market to imports from all least developed countries and will study in a constructive spirit with all its partners the different options advanced in the plan of action. We want to define in a coordinated way, in the WTO, concrete contributions by all involved for early implementation.

I would call on all WTO Members to make a similar pledge this week. Even developing countries should make some contributions, to the extent that each is able. This should be a high priority for the world as a whole.

My fourth point is that trade is now a domestic political issue for all of us, developing and developed. WTO excites worldwide attention and all too often suspicion. For me this means that concerns about environment, about labour standards and other apparently domestic political issues are now the legitimate concern of the WTO because they are concerns of our constituents. Only when WTO is seen to meet the aspirations of our constituents can we be sure of keeping the way open for continued trade liberalization.

How should we respond to all of these challenges? The role of the WTO is the development of fair trade rules and the pursuit of ever easier market access. Where rules exist, we implement, monitor, adapt, review and revise. That is the built-in agenda. It is the centre-piece of much of the work which the WTO will do over the next two years and is vitally important. But its parameters are largely agreed; the challenge there is not what to do, but how to do it successfully.

More difficult is to add to the built-in agenda on issues where rules are needed but do not exist. That is the future work programme. It is the natural complement of the built-in agenda, making the WTO a living political organism. Without it, the built-in agenda would quickly degenerate to a process of mechanical review, a triumph of form over substance.

How should we start? It seems to me there are four key areas of work we need to address this week.

The most immediate is the completion of the ITA and the telecommunications negotiations where we simply must deliver. I should not have to say that we all have to make a further effort. But we do. If we do not make substantial progress on both issues this week, with new offers tabled, then our meeting will not be the big success we all want.

Looking ahead, we must make financial services a permanent part of the WTO's disciplines. WTO must also pick up the new subjects like investment and competition. I hope once we have been able to take a hard look over the next few years, we will see that the time has come to move to negotiations in these areas. The economic case is overwhelming; the arguments offered against negotiations in these subjects seem short-sighted and ultimately wrong.

Investment indeed seems to me the top priority for WTO in the years ahead. Investment brings benefits to all. Sixty per cent of foreign direct investment flows from the EU and the rest of the OECD are to non-OECD countries. Non-OECD countries provide 30 per cent of the world's new FDI each year. It is an interest we all share.

It is also an issue which is primarily for the WTO because it involves the development of an appropriate framework of binding rules. We should be under no illusion that all firms, whatever their size, prefer to invest in large markets and in secure markets. Bigger countries have no problems attracting funds. But many small- and medium-sized countries need a secure legal environment to attract their fair share of investment capital. WTO rules will help provide the necessary underpinning.

Finally, labour standards and environmental protection remain important. Environmental protection is a serious issue for us all. The results of the WTO's work to date fall short of our expectations. WTO's credibility is at stake, and there is much to do.

The language emerging so far on trade and labour standards respects the concerns of those who are worried that discussion of this subject could be a cloak for protectionism. We share the desire to ensure that that should not and will not happen. I think we have the makings of an understanding on that issue, which I hope will provide the basis for some WTO continuity beyond Singapore in this discussion.

In conclusion let me emphasize just two points. The first is that we need to ensure that the WTO is a forward-looking organization. The challenge is to take the existing built-in agenda, together with the new issues embodied in our work programme, and develop a package which fully reflects the changing needs of the world economy, embracing the particular problems of the least developed amongst us as well as the needs of the more affluent parts of the world economy.

Finally, we must have a recipe for WTO success. My personal recipe for WTO is to advance on step at a time, without immediate long-term commitments, but with real liberalization now and a serious programme of work to prepare for more liberalization in the future.

A work programme does not prejudice any possible future decision to move to negotiations. This will be for us all to take freely, later: there can be no coercion in the WTO. But this week's decisions should make it possible for us to launch in due course the further broad-based round of talks, which could properly be called the Millennium Round, that I personally believe we can start by the end of the century. That is not something to decide today. But in all our decisions here in Singapore, we should prepare ourselves so that the WTO is ready to take up that challenge in the years ahead.