

**U.S. Comments on  
Chairman's Cancun Ministerial Text  
General Council Discussion  
August 26, 2003**

- The United States joins others in thanking the Chairman, the Director General and his team for the great effort they have given to produce the text for our review.
- We shared preliminary comments in the informal meeting yesterday, which I will not repeat here today, but ask that they be included in the record of this General Council meeting.
- Yesterday, we indicated that there were a number of troublesome elements in the current draft. Further review confirms this assessment.
  - Like others, we are disappointed that there has not been further convergence on the main issues that Ministers will need to address at Cancun. And like others, we were disappointed that some of our strongly held positions did not find their way into the text.
- At Doha, our Ministers gave us the challenge to ensure that trade liberalization makes a significant and central contribution to economic growth, poverty reduction and development. The challenge we are now giving to Ministers is to give us the guidance necessary to meet their original expectations. Our assessment is that taken cumulatively, the results to date do not meet the original mandate from Doha. But, Cancun is still ahead of us.
- We were troubled by some comments made yesterday in the course of the debate. We have a shared responsibility to ensure that we succeed. That means all members have to contribute, some more than others. But, it's more complicated than a simple North/South divide. Increasingly, coalitions are forged based on interests rather than geography.
- When we all arrive at Cancun our sense of shared responsibility will have to be more evident than has been the case thus far.
- Let me comment briefly on the text itself. Yesterday I focused on Agriculture, Non-Agricultural Market Access, Services, S&D Related Issues, Implementation, Rules and Singapore Issues. I want to supplement those comments to respond to the discussion yesterday on agriculture, NAMA, implementation, specifically GI's, and proposals that have been made to broaden the DDA mandate to include commodities, the Working Groups on Trade, Debt and Finance and Technology Transfer, and finally, the paragraph on Coherence.

## Agriculture

- I will not repeat the points made yesterday on agriculture. But, I do want to underscore that for the United States, agriculture is at the heart of the DDA agenda and the key to development.
- By offering a possible framework intended to help move the process, we signaled our readiness to compromise, as well as to take difficult decisions. We are committed to an ambitious outcome in the negotiations. If the right framework is agreed at Cancun, it will give us the opportunity to negotiate for such a result, but it will take work. Parenthetically, the key at this Ministerial is to establish frameworks, including beyond agriculture, that provide opportunities to negotiate ambitious, significant liberalization.

(Text below from 8/25/03)

- Turning to the text on agriculture, we recognize the difficult task given to the chair, and appreciate your efforts given the central role this area holds for the negotiations. However, it is important to point out the serious questions that have been introduced by the annex on agriculture regarding balance in the level of ambition.
- The text contains a number of elements not addressed by our earlier contribution, including some specific special and differential treatment provisions and discussion of green box criteria. We are willing to work with these ideas, but our concerns would have to be addressed in this process.
- In particular, we are very concerned that Annex A proposes a different approach on tariff reductions between developed and developing countries. The fact that different methodologies and formulas would be used by developing countries sends the wrong message about how to achieve substantial improvements in market access. It also sends the wrong message that we are constructing a two-tiered trading system, as opposed to a single unified system.
- The first option on market access regarding developing countries is unacceptable because it provides no ambition. Moreover, this idea was never even proposed by anyone or brought to the process here in Geneva.
- There is no indication of higher tariffs being reduced more than lower tariffs.
  - This option does not even provide what Chairman Harbinson proposed in terms of ambition. It is effectively a repackaging of the Uruguay Round formula, or worse.
- The second option is a better approach but still implies less ambition by leaving out the zero tariff element and adding Special Products (SP) without the provision

of TRQs. In addition, there is no clear provision for a ceiling on tariffs.

- The use of a sensitive products category with flexibility, in addition to the special safeguard mechanism (SSM) and general S&D, should more than cover what concerns developing countries have regarding import sensitive products.
- Similarly, the suggestion on domestic support that the revised Article 6.5 should be subject to further reductions after the implementation period, when no other measures are subject to further reductions in any other pillar, is inequitable and unbalanced and therefore should not be in the text.
- On the key issue in the third pillar of phasing out export subsidies, let me report again that U.S. objectives have not changed in this area. However, our work over the past several weeks leaves us convinced that this is not an area where additional progress can be made before Cancun.
- There are a number of other areas where this paper should have taken a more reform-oriented approach, including for example the treatment of state-trading enterprises, but I will not detail those now.
- From our perspective, the core issue is to ensure these negotiations maintain a high level of ambition for agricultural reform, and that ambition is manifest in all three pillars and for all countries. This draft text appears to be a basis for a successfully resolving agriculture issues at the Cancun Ministerial, but does not yet meet the all the commitments we made in Doha.

### **Non-Agricultural Market Access (NAMA)**

- Mr. Chairman, we heard yesterday the many concerns expressed about the current level of ambition of the NAMA text being too high, or too high relative to the agriculture text. We also heard a number of proposals to further curtail ambition, despite the numerous points of flexibility already provided in the text. This text, as it is currently written, is low on ambition. This is a major concern for us.
- If we do not set ambitious goals for ourselves, we will be doing nothing to stimulate the global economy or to keep global business committed to the multilateral trading system as an engine of growth.
- Our aim for Cancun is to improve the text to achieve the high level of ambition that we all need.

Text below from 8/25/03

- We recognize the hard work that has gone into efforts to develop a text on modalities and the difficult challenges that remain ahead to resolve our

differences on modalities for NAMA to ensure genuine liberalization is achieved in this Round.

- The language on the formula, the sectoral component and the supplementary measures are very vague. We should strengthen the focus on achieving substantial improvements in market access for all, and by all, participants.
- In particular, we feel strongly that paragraph 6 on sectors is a significant step backwards in ensuring that an effective sectoral component is an integral part of these negotiations a part that is necessary to achieve real market access.
- We also believe that there should be stronger language on the formula to indicate that it should be ambitious and harmonizing, in addition to simply a "non-linear" formula.
- In contrast, to these paragraphs, the paragraphs related to special and differential treatment, less than full reciprocity and special treatment for developing countries and LDCs are elaborated in a fair degree of detail. We support flexibility for developing countries but that flexibility should be a function of the level of ambition, not the other way around. We appear to be defining the exceptions before we've agreed on the objective.
- We have repeatedly indicated our willingness to define at a later stage the sectors, product coverage and participation in the sectoral initiatives.
  - In addition, we are willing to consider harmonization, as well as elimination, and to demonstrate flexibility, in particular with regard to participation by those Members that are not global traders in the selected sectors. However, the language you suggest is too weak at this stage to ensure broad participation in this context. We strongly urge you to strengthen the language in this paragraph.
- We recognize that we have intensive work ahead at and after Cancun and are prepared to work to strengthen this text. We certainly do not want this text to be further diminished.

## **Services**

- We appreciate that the new text reflects areas of convergence. Operationally, we want to ensure that the guidance on services in terms of the submission of revised offers and conclusion of the negotiations is similar to the parameters set out in Agriculture and NAMA.
- Furthermore, as we have discussed in consultations, the bracketed language concerning mode 4 in paragraph 24 should track the language in paragraph 6 of the services text.

## S&D and Related Issues

### Special and Differential Treatment

- On S&D, I want to reiterate a point that we made yesterday. The greatest gains to development will be in what we can achieve in the areas of agriculture, non-agricultural market access and services. We need to keep this perspective in mind.
- Yesterday, a few Members took exception to the suggestion that Ministers adopt the decisions that we have worked out thus far on S&D.
- We have all worked long and hard to come to those decisions on the understanding that we were working on a package for adoption by Ministers.
- While there may be outstanding issues that other Members feel are important and wish to be addressed, we have been told by the sponsors of all the proposals that each and every one of them is a priority.
- We do not see what purpose is served in putting off definitive resolution of priority issues.

Text below from 8/25/03

- Before turning to paragraph 11, it is important to recall that the issue of special and differential treatment is addressed throughout the text. The measure of whether DDA adequately addresses development will not be judged by the results in this single paragraph.
- We believe that the S&D paragraph in the Ministerial text, as drafted, is a fair accounting of the situation and reflects the desires of an overwhelming number of ministers to have a package at Cancun. We all recognize that this work must continue post-Cancun, as the Chairman has already indicated.
- With respect to Annex C, we support the *ad referendum* agreement reached on Saturday, which would allow the Chairman to drop the language in the brackets from the final item dealing with least developed countries.
- Turning to para 24, on least developed countries, as one of the delegations that worked with the LDCs to formulate this paragraph, believe that the Chair's text faithfully reflects that work.
- We note that the bracketed language on services was included in paragraph 24 as a placeholder, since participants in the Chair's consultations wanted to see the out come of work on the services paragraph in order to ensure a consistent approach.

- We believe that the bracketed text in paragraph 24 should now be replaced with the language that was agreed on Services.

### **Implementation**

- There were a number of comments on the specific reference to geographical indications, and whether this issue should be singled out among implementation issues. We join others in noting that there is no agreement to negotiate on the extension of the coverage of GI's beyond wines and spirits.
- We understand the Chairman's effort as merely maintaining the status quo, by suggesting that the Director General continue his consultations. Like others, we think the question has been answered on whether to launch negotiations as part of the DDA.
- Our preference remains to show that the question of extension was reviewed, there was no consensus, and we are finished with this implementation issue. We recognize that others do not share that view.
- In sum, the facts are that we have worked carefully on all the implementation issues outlined by Ministers consistent with the mandates given at Doha. We need to be careful about raising expectations that a number of issues, for example in rules, would be completed in advance of negotiations, or to suggest that we are reopening mandates that have been completed.

### **Rules**

- We are prepared to live with the text as has been suggested, but as we noted earlier, should others have additional improvements, we would as well.
- This is an area that has been very difficult for the United States, and yet we have in good faith worked with others to move the negotiations forward. Some might say that relative to other areas of the negotiations, this work is too advanced. I am not suggesting any changes here, but it does give one pause as compared to the other areas.

### **Singapore Issues**

- I won't repeat the comments from yesterday on the Singapore issues, but do want to emphasize that in the areas of trade facilitation and transparency in government procurement, the texts do reflect substantial consultation and discussion among Members to address specific concerns about potential negotiations.
  - Therefore, we see a qualitative difference between the options that have been provided for negotiations in these two areas as compared to

investment and competition, and do not believe that they are "extreme" ends of the spectrum, as was suggested earlier.

- That said, we are ready to find the right modalities to permit a launch of negotiations on all the Singapore issues.
- We have some concern with the proposal to add to the draft an annex of proposed "issues for clarification" on the Singapore issues.
- Discussion thus far leads us to believe that there is a difference of appreciation among Members on what issues need to be resolved in the modalities and which are really part and parcel of the negotiations.

text from 8/25/03 below

- Your text appropriately leaves to ministers the decisions on the modalities for negotiations on each issue. We are ready to launch negotiations in all four areas, provided the appropriate modalities are secured.
- For trade facilitation and transparency in government procurement, the texts provided offer a good possibility for a consensus to be achieved on modalities. It is not really accurate to characterize modalities in these two areas as "extreme." They actually reflect numerous suggestions by members who expressed concern about moving to negotiations. We hope that these modalities will gain support at Cancun.
- On government procurement, your language suggests that there should be flexibility regarding the "extent of commitments", a phrase taken from a submission from Japan.
- We understand this language to deal with concerns raised by developing countries regarding thresholds that is, the agreement would apply only to procurements above specified thresholds determined in the negotiations. The United States has been ready to support higher thresholds for developing countries.
- With respect to investment, we will not repeat the concerns that we have raised in the consultations to date, but suffice it to say that we expect any modalities for an agreement on investment would provide a solid foundation on which we can build disciplines over time, and which could help promote economic growth through investment flows.
- We need to find an appropriate basis on which we can build a consensus to launch investment negotiations to achieve these goals.
- On competition, we note with some concern that the middle option that had been

in Chairman Jenny's text has been deleted. We consider this most unfortunate, because we continue to believe that a modest start of negotiating the parameters of a peer review process that helps develop a culture of competition within the WTO is the most appropriate way to begin for the WTO, and we continue to believe that it would be an attractive middle ground position.

### **Working Groups in Trade, Debt and Finance and Technology Transfer**

- In consultations on the text suggested by a group of countries, we pointed out that the existing Doha mandate in paragraphs 36 and 37 must not be disturbed. We do not accept that the proposed amendments are mere clarifications of existing mandates.
- We are willing, however, to consider the suggestion from the group of countries to include a report from the General Council to the next Session, which is reflected in your revised text.

### **Commodities**

- While we appreciate and recognize the concerns of the Members that have raised the commodities issue, we do not believe that this paragraph belongs in the Ministerial Text.
- The Text should focus exclusively on the specific work that was set out for us by Ministers under the DDA.
- That being said, we could agree to this paragraph being included as is, without change.
- We would not support modifying this paragraph to call for work beyond the mandate of the WTO, to change mandates of existing groups or to suggest reviving failed efforts at price controls.

### **Coherence**

- We think it is appropriate to have something in the text on coherence, given the adjustment issues that have been raised in the negotiations, particularly in Agriculture, NAMA and the various work on S&D in terms of tariff liberalization, as well as the work on technical assistance.
- We do believe, however, that we need to be mindful of the respective roles of the institutions in what they can and cannot deliver in terms of assistance, financial or otherwise.
- We listened carefully to concerns raised by a few delegations about past experience, but the fact of the matter is, we cannot recreate the function of these

institutions within the WTO.

- Nevertheless, a more activist combined effort of the DG and the Heads of the other institutions could help to be more responsive to the concerns and interests of Members.

### **Conclusion**

- We have indicated where we see as the major points of contention in the text.
- You and the Director General mentioned the need for all of us to focus on our collective responsibility to advance the work sufficiently for our Ministers to succeed in Cancun.
- Mr. Chairman, we see that our collective responsibility is to work with you and all of our colleagues in this organization using this text as a vehicle to find solutions that work for all Members and that will propel this organization forward into substantial liberalization that is essential for the growth of the world economy and the development of our individual economies, and the fulfillment of the DDA.
- However, with this meeting it is clear that we are at the end of the Geneva process. We need to change our focus from our disappointments with the text to how to use Cancun to improve the substance and to establish an operating plan. It must have mileposts to ensure that we meet our goal of finalizing agreements by January 1, 2005. Our collective aim must be to create the needed momentum to the negotiations and secure guidance in a direction that will achieve the high ambitions we set out in Doha.
- The stakes for the WTO, the global economy and our individual economies could not be higher. If we are to deliver on the promise of liberalization as a powerful force for economic growth, poverty alleviation and development, we can do no less than to reach these high ambitions in Cancun.