

Summary
Trade Committee Meeting, 24-25 October 2000
129th Session

The intervening year since the failure of global trade talks in Seattle to launch a new round of multilateral trade negotiations has witnessed resurgent interest in the pursuit of regional discussions and negotiations at a regional level. Some countries which once were reluctant to take part in regional agreements have started joining the movement, apparently wary of being shut out. Today there are 170 such arrangements, and it is predicted that the number will rise to 220 by 2005.

What are the consequences for the multilateral trading system? Does regionalism foster competitive liberalisation and strengthen the multilateral trading system or do such trade "blocks" shut each other out and ultimately undermine the system? These were among the questions that senior trade-policy makers on the OECD Trade Committee examined on 24-25 October when they met in Paris in their 129th session.

While all Delegates acknowledge the primacy of the multilateral system, some said that as long as regional agreements are consistent with the WTO rules, they can help maintain momentum of trade liberalisation. Others were more cautious in their assessment and warned that growing regionalism could be to the detriment of developing countries, in particular, who are at varying stages of integration into the multilateral system and are in some cases struggling to meet their Uruguay Round obligations. A conclusion of the meeting was that the proliferation of regional trade initiatives is an indication that the multilateral trade agenda needs to be advanced.

Many Delegates were of the view that the built-in agenda of negotiations in services and agriculture offers a strong base for launching a broad-based new round, which in turn would help the promise of the built-in agenda to be realised. In seeking to maintain the momentum of multilateral trade liberalisation, particular emphasis was placed on the need for technical assistance and capacity building for trade in developing countries, as well as strengthened rules, increased transparency in the WTO and efforts by WTO members to educate their publics on the benefits that accrue to all citizens from rules-based trade liberalisation. The view was put that without progress towards the launch of a balanced, broad-based round of multilateral trade negotiations, there was a risk of proceeding by trade litigation rather than trade legislation.

Trade Delegates also considered a first draft of a report that the Committee had commissioned to examine trade and development issues in non-OECD countries addressing those countries' interests and concerns in the multilateral trading system. A revised version of the report will be discussed by the Committee's Working Party, which will meet next on 4-5 December 2000, with a view to presenting a full draft for discussion at the Trade Committee's meeting on 15-16 February 2001. Trade Delegates were informed on the status of work in the OECD's Development Assistance Committee on draft guidelines for development assistance donors on capacity development for trade. Delegates also exchanged views on an expanded outline of the trade and investment chapter of the OECD's interdisciplinary report on sustainable development that will be presented to the 2001 Meeting of the OECD Council at Ministerial Level.

Delegates examined the interaction between trade policy and ongoing developments in the information and communication technology sector, whose growth and economy-wide diffusion is centrally associated with what has come to be called the "new economy". They felt strongly that further work by OECD be devoted to exploring the contributions that trade policy can make to issues such as the digital divide and the further growth of electronic commerce.

As at each meeting of the Trade Committee, one point on the agenda is devoted to an exchange of information and discussion of recent developments in policies or practices that may significantly affect trade relations. In that regard, reports were heard on regional trade agreements involving New Zealand and Singapore; and the United States and Jordan. The Delegate from Korea, which hosted the Asia Europe Ministerial Meeting on 21-22 October, reported the outcome of the meeting. The European Commission representative spoke on the EU's proposal for zero tariffs on "everything but arms" for the least developed countries.

Part of the meeting was devoted to a stock-take of the informal consultation that the Committee had held on 23 October with 24 non-governmental organisations to examine challenges for the multilateral trading system. The assessment was that the day-long event had produced a constructive exchange on prospects for trade liberalisation, and the development, social and environmental implications of trade liberalisation. Most Delegates said that they believe that it is important to continue such consultations on a regular basis. The frequency and timing would be examined further at the February meeting in the context of an exchange on what Committee members are doing domestically to encourage and facilitate discussions with the wider public.

The Trade Committee will hold its next meeting in February 2001.