



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

CONSEIL AU NIVEAU DES MINISTRES

23-24 MAI 2006

POINT 6

ECHANGES

SUISSE

Déclaration

**M. J.- D. Gerber
Secrétaire d'Etat pour les Affaires économiques**

⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘ ⌘

COUNCIL AT MINISTERIAL LEVEL

23-24 MAY 2006

ITEM 6

TRADE

SWITZERLAND

Statement

**Mr. J.D. Gerber
State Secretary for Economic Affairs**



Negotiations launched in Doha continued to move slowly in recent months, even at a technical level, despite the fact that new political impetus had been given, operational decisions taken and clear deadlines set in Hong Kong in December 2005. This is all the more disappointing that efforts were not spared in recent months to try to narrow the gaps between the positions of the main players in the negotiations.

Switzerland certainly very much regrets that hardly any progress on the *substantive issues* facing us has taken place in recent weeks and that the April 30 deadlines foreseen by the Hong Kong Declaration have been missed. This does not mean, however, the end of the negotiations nor that we will not be able to conclude before the end of the year. At the same time, it is a serious warning which should push us to step up our efforts at all levels of the negotiations. To be successful, we do not need new deadlines. We all know what is at stake. We rather need to engage immediately, as has been proposed by the Chairs of the Negotiating Groups on Agriculture and on Non Agriculture Market Access (NAMA), in a continuous negotiation process in order to work out texts that could become the basis for agreements in the main areas of the negotiations. We therefore welcome the fact that such a process is already under way in agriculture, NAMA, and services. What is important, in my view, is that maximum progress can be achieved in the coming weeks in Geneva, especially on the more technical questions which are unlikely to be the basis for political arbitration but which will need to be on the table when it comes to finally cut a deal. The main objective of negotiators should accordingly be to prepare the ground for Ministers which will of course be called upon in due course to crack the hardest nuts and make the most difficult decisions. I refer in this respect in particular to the issues linked to the famous triangle, i.e., agriculture market access, agriculture trade-distorting domestic support, and NAMA.

Let me now add a word on *process*. Switzerland is convinced that a balanced outcome of the Doha negotiations won't be found by the sole virtue of a small number of major players trying to resolve the main issues among themselves only. This strategy has failed in the past and will fail again in future if the entire spectrum of sensitivities in the WTO is not properly represented in the discussions. I therefore urge the main players to open up the discussions so that any compromise solution that could emerge from the ongoing discussions could be supported by all Members of the WTO.

However, process is one thing and *conditions for success* are another one. The process will never yield results if Members do not have the political will to compromise. Unfortunately, we have to recognize that this political will has not been available so far. Members need therefore to markedly change their attitude, be flexible and show quickly realism in the negotiations. Otherwise all our efforts will have been to no avail.

Allow me now to briefly highlight Switzerland's position in some of the *key areas of the negotiations*. I can assure you that Switzerland will do its utmost so that negotiations can move forward in all areas of the Doha Round negotiations and a timely conclusion of the Doha Round can be made possible. Given that results in *agriculture* will likely be difficult for Switzerland to accept, a balanced outcome in all areas of the Doha negotiations will be all the more necessary. In particular, ambitious results in the area of market access for industrial products and in services will be of paramount importance. Such an outcome would also facilitate the pursuit of our efforts toward domestic agricultural policy reform to which we are very much committed. We are therefore examining all the proposals made in the course of agriculture negotiations from the point of view of whether the proposed measures are going to promote our reform efforts or not. By this, I want to emphasize that we are not advocating a status quo. Agriculture is however a complex issue that requires special attention and treatment.



Regarding non *agriculture market access*, Members' commitments should be commensurate with their aptitude to participate in world trade and with their respective level of development. In this context, we remain convinced that a further liberalization of market access accompanied by sound macro and labor policies, and by complementary development assistance for the poorest countries can benefit all parties engaged in international trade. We need therefore to aim at an ambitious reduction or, as appropriate, elimination of tariffs, including tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers. A real improvement in market access for industrial products also means that the cuts in the duties must be sufficiently significant to open new opportunities to trade. Cuts in bound rates alone will however not bring real improvements in market access, if significant gaps between bound and applied rates remain. Members have recently talked about coefficients, about the extent of flexibilities and unbound duties. On this last point, an agreement seems to be emerging. However, disagreements remain deep on the other two aspects which are decisive when it comes to defining the level of ambition. Also we have noted some setbacks, including the questioning by some of the use of the Swiss formula that we had agreed upon in Hong Kong. We are further concerned about a new interpretation given to the notion of sectoral initiatives which seems to go toward a limitation of the level of ambition.

Again, the outcome of the Doha negotiations requires the definition of the relationship between the coefficients of the formula and the flexibilities contained in paragraph 8 of the Hong Kong Declaration. In addition, paragraph 24 of the Hong Kong Declaration clearly establishes a close link between the levels of ambition in agriculture and NAMA, as well as their linkage to the results in other areas of the negotiations. Therefore, it will not be possible to reach tangible results in any area of the negotiations without a real improvement to market access for industrial products.

Switzerland considers further that for a successful outcome of the *services* negotiations, a real improvement in market opening needs to be achieved. After all, services represent 60% of world GDP. Increased market access in this area is therefore essential to promote world economic growth both in developed and developing countries. As the development of a strong export service sector has shown in a country like India, services can be, not only for a developed economy, a major source of increased value added. Services negotiations have entered the new phase of plurilateral requests. We very much look forward to the results of this new approach which still has to be evaluated. However, it already appears that this new approach cannot be a substitute for the bilateral approach. In the end, a successful outcome of these negotiations will be contingent upon the extent to which it will have been possible to grant a solid legal security through the undertaking of broad commitments, and beyond this, by providing a higher level of liberalization.

The current multilateral trade negotiations are not only about trade liberalization but also about the *strengthening of existing rules*. The trend toward faster trade liberalization that stems from increased interdependence includes both opportunities and challenges for all parties involved in international trade. For opportunities to prevail, however, the progressive liberalization of trade must be controlled by international rules that are correctly applied by all. This is particularly important for small countries which are often more vulnerable because of their strong dependence on foreign trade. Switzerland is no exception in this respect and small countries constitute the majority of the WTO Membership. Accordingly, Switzerland considers that parallel and substantial progress in the rules negotiations is essential not only to achieve a balanced outcome of the negotiations but also to prevent that unwarranted trade remedy measures take away from the hard-won benefits in the market access negotiations. This is why the negotiations on *antidumping* are so important for us, despite the fact that Switzerland neither applies antidumping nor countervailing duties. Another area where the rules-based system needs strengthening, although it works rather well, is the *Dispute Settlement Understanding*.



With respect to the other topics of the Doha negotiations, I would like to recall that the extension of the scope of *geographical indications* remains an important priority for Switzerland and should be regarded as an effort to promote the production of higher value-added specialties, both in agriculture and industry, with a view to enhance growth and productivity in the economy, rather than as an instrument to limit imports. Such an extension will be a very small positive element in the balance-sheet of agriculture, where my country has to “pay” in all three areas. We therefore very much hope that discussions on this important issue can resume promptly. Furthermore, we attach great value and significance to a better coherence between *trade and environment* as the linkages between these policies are becoming ever more important. Finally, we remain deeply committed to ensuring that *development issues* are seriously taken into account in each of the subjects under negotiation to allow, at the end of the day, for results that will be beneficial to all Members.

To conclude, let me emphasize once again that it is our task to provide new momentum to the negotiations, demonstrate political leadership, creativity and a sense of compromise. With the growing tendency toward regionalism that we observe, multilateralism and the WTO itself as an institution are at risk. By taking our responsibilities and remaining committed to an open multilateral trading system, we will all contribute to the establishment of economic conditions conducive to increased global welfare for all Members of the WTO, developed as well as in development.