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The development dimension of trade and investment in the new WTO round

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The multilateral trading system and development

- GATT: trade rules must be adapted to DCs
- UR: special and differential treatment
- DDA: negotiations to establish rules that can foster development

The DDA and development (1)

- place DCs needs & interests at the heart of workprogramme
- importance of enhanced market access, balanced rules and TA/CB
- commitment to help least developed countries to secure beneficial integration into the Multilateral Trading System and the global economy
- objective of sustainable development
- commitment to accelerating accession of LDCs

DDA and development (2)

- Implementation-related issues and concerns
- Work programme: trade issues for small and vulnerable economies + integration in the Multilateral Trading System
- trade, debt and finance
- flows of technology
- TA/CB
- LDCs
- Special and differential treatment

Trade as a development tool

- Opening to international trade/investment favours growth
- social strategies + stable political environment
- small economies more at risk to external shocks
- regional integration and shock resilience

Regional trade agreements

- Synergy with the Multilateral Trading System if not protectionist (lowering of external trade barriers)
- RTAs allow for economies of scale, stimulate competition between close partners, attract foreign direct investment, reinforce the bargaining power, and have a stabilizing effect

Tariff and non-tariff issues

- Regional integration should not be limited to border measures
- Markets much more attractive when regulatory convergence (standards for goods & environment, financial services, infrastructure, investment and competition policies, etc.)

One example of the development dimension.

DDA declaration on investment (1)

- recognises case for multilateral framework to ensure transparency, stability, predictability
- long-term cross-border investment (FDI)
- enhanced technical assistance & capacity building

DDA declaration on investment (2)

- co-operation with intergovernmental org. + regional + bilateral channels
- clarification of elements of a MFI
- interest of home/host countries
- special needs of LDCs
- obligations/commitments commensurate to needs/development

The EU Concept Paper on Development provisions (1)

- predictable & non-discriminatory investment conditions = enabling business environment
=> attracts FDI
- FDI benefit recipient countries (capital, but also technology, know-how, access to export markets, etc)
- DCs to increase attractiveness and become source of FDI and exports
- DCs see merit in open investment climate but also want to maintain certain investment policies. This is possible.
- a MIF would mostly benefit DCs

The concept of flexibility

- flexibility, not right to discriminate
- flexibility because of insufficient financial and human resources/institutional weakness
- may involve lower level of commitments, asymmetrically-phased implementation, exceptions from obligations

Example of flexibility already in the WTO

- 1) provisions aimed at increasing the trade opportunities of developing countries
- 2) provisions under which WTO members should safeguard the interests of developing country members
- 3) flexibility of commitments of action, and use of policy instruments
- 4) transitional time periods
- 5) technical assistance
- 6) provisions relating to least-developed country members

Flexibility as in GATS?

- GATS is a development-friendly agreement
- Negotiation of specific commitments with due respect for the level of development
- No general “special and differential treatment” but flexibility on individual basis, country by country, sector by sector
- DCs have taken less commitments
- Individual balance between stable, predictable and transparent policy and need for flexibility

Corporate Social Responsibility

- Investors' behaviour and responsibility
- OECD guidelines for multilateral enterprises
- Industry to commit itself to improve social/environmental performance
- Soft law: codes of conduct, certification, public reporting
- Hard law

Key development provisions

- built in the structure of a MIF
- focus on FDI
- flexible GATs approach (positive commitments adapted to dev). Conditions possible.
- TA/CB pre-during-post negotiations
- pro-active transparency as promotion. TA/CB
- right to regulate to meet national policy objectives
- exceptions and BoP safeguards

Conclusions

- important development dimension in DDA
- regional integration supports MTS + development objectives
- development provisions to be built in all agreements
- conclude DDA in time is a priority

