

**Preliminary UNICE comments on the Commission's proposed strategy  
for the new WTO round**

1. In the framework of preparation of the 4<sup>th</sup> WTO Ministerial Conference to take place in Doha on 9-13 November 2001, UNICE welcomes the initiatives taken by WTO Members to :
  - ?? maintain momentum in the preparations for a new WTO round of negotiations ;
  - ?? bridge differences between the approaches and positions of the WTO Members ;
  - ?? build a negotiating agenda, which will help developing countries benefit fully from the liberalisation of international markets for goods, services and investments.
2. After the failure to launch a round of new trade negotiations at the 3<sup>rd</sup> WTO Ministerial Conference many suggestions have been made on how to overcome the present deadlock. UNICE fully supports the view that the WTO membership needs to show a certain degree of flexibility with respect to the scope and the modalities of the new round. We agree with the Director General of WTO that the *"agenda has to be broad enough to have something in it for everyone, but must exclude issues that are inappropriate or where compromise is impossible. It has to be detailed enough to be meaningful, but not so detailed that it becomes a pre-negotiation. It must be 95% understood and done by July, not 95% to do in November. It must not be another Seattle"*.
3. It is in this context that UNICE views and generally supports the Commission proposals submitted for the attention of the 133 Committee in December 2000. The clarifications on how to deal with the subjects of environment, investment, competition and labour are meant to demonstrate flexibility.
4. UNICE continues to believe that a comprehensive trade round including:
  - ?? the built-in negotiating agenda (agriculture, services and intellectual property),
  - ?? further market access, and
  - ?? the development of new rules or clarification of existing rules to address the challenges of an ever-increasing and irreversible internationalisation of trade,is the most likely way forward to bring benefits to all WTO members.
5. The ultimate objective of European business, at the end of the negotiating process, remains adoption by the whole WTO membership of a package of multilateral agreements with, where appropriate, specific conditions and technical assistance programmes for those developing countries which so request to give them the time necessary to adapt to the new rules. European business has been a strong supporter of the concept of a single undertaking and continues to believe in this concept. Examples of plurilateral agreements in GATT and WTO tell us to be very cautious with such an approach since it leads to two sets of rules for different members and later accession is not necessarily forthcoming as the history of the government procurement agreement shows. The WTO membership itself ended this unsatisfactory result of the Tokyo Round when adopting the Uruguay Round package as a whole.

UNICE therefore has some concerns and reservations about an open-ended plurilateral approach, in particular when this approach is made from the outset of the negotiations. As with the previous rounds, it believes that any plurilateral agreement should emerge, if at all, only as the end-result of the negotiating process, and as part of the overall final compromise.

6. Regarding Investment, multilateral rules would benefit developing countries more than richer and larger economies. On content, UNICE believes that agreement on non-discrimination, transparency and predictability of rules governing foreign direct investment (FDI) would not be insubstantial. Such an agreement, admittedly minimalist, would bring immediate gains in the form of investor confidence, and represent a helpful component of an overall balanced outcome to a new trade round.

A plurilateral approach on investment could produce a situation akin to that of the MAI negotiations where agreement was sought among the developed countries which stood to gain least from common rules. It would also add less to the existing reliance on bilateral investment treaties (BITs) than common rules subscribed to by all WTO Members. The preference of European business remains therefore an agreement covering all WTO Members, accepting that this involves modulating both content and possibly timetables.

7. Regarding competition, UNICE believes that markets opened by WTO disciplines can be closed off to foreign competition by anti-competitive practices. Companies should be able to compete with each other in individual foreign markets on a level playing-field, taking full advantage of the expansion of international trade. Competition provides the best incentive for efficiency, encourages innovation and guarantees consumers the best choice.

Multilaterally agreed objectives for competition rules should be directed to what is necessary to prevent foreclosure of markets by anti-competitive practices. To that effect, competition rules, and their enforcement, should be based on core principles of efficiency, transparency and non-discrimination. UNICE would therefore welcome a multilateral agreement on objectives for competition rules which is directed to what is necessary to prevent market foreclosure.

8. Should the plurilateral approach be a sine qua non for the launch of a new comprehensive round of WTO negotiations, UNICE would request that the following conditions be attached:

?? The plurilateral approach should be strictly limited to investment and competition.

?? It should in no way result in a lowering of the European Union's ambitions, in particular in the area of investment.

?? The negotiations on these two subjects should be launched and concluded at the same time as all the other issues negotiated in the round and involve the largest number of WTO members and in particular all the developed and emerging countries.

?? The "opt-out" option, should be open, at the end of the negotiations, exclusively to developing countries which expressly so request it, with a clause for review at the next round of negotiations.

?? A critical mass of countries, going far beyond the OECD membership and representing a substantial part of international trade and investment (at least 80% of WTO members) should sign the agreement.

9. UNICE fully shares the Commission proposals on trade and social development and trade and the environment and is keen to support initiatives which aim to build consensus around them.
10. On the other substantive and procedural issues of the future round, UNICE's and the Commission's positions are broadly in line<sup>1</sup>.
11. UNICE looks to continue the dialogue with the EU institutions and other government and business partners on definition of the negotiating agenda for a new WTO round. It expects the Commission to do its utmost to get negotiations on investment and competition started and to have these negotiations concluded as multilateral agreements. It might complement/review its above comments as the debate evolves in the EU and in Geneva.

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<sup>1</sup> Please refer to UNICE's specific and detailed positions on UNICE website : [//www.unice.org](http://www.unice.org)