

UNICE Statement
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UNICE represents 16 million European companies employing more than 106 million people. UNICE firmly believes in the economic benefits of multilateral trade liberalization and strengthened global rules for international trade. To open up markets can create jobs and welfare. Liberalization is an indispensable component of a **broad-based development strategy**. Many developing countries must better integrate themselves into the world trading system. An ambitious and balanced WTO agreement will generate substantial economic growth for the global economy. UNICE therefore reaffirms its belief in the great value of the Doha Round. The Hong Kong ministerial must be a success.

UNICE is disappointed with the **lack of vision and ambition** which has slowed progress in the DDA to date. Political leaders must act now. Hong Kong is a critical milestone on the path to a successful conclusion of the DDA. We must advance in all areas of the negotiations: agriculture, industrial market access, services and rules. Such progress will only be realized if all WTO members demonstrate a willingness to compromise.

UNICE supports the **development focus** of this trade round. Each country's contribution to the DDA should therefore be seen in the light of its economic development. We would especially hope that the DDA will lead to improved trading opportunities for the least developed countries. Appropriate and effective technical assistance should be provided in close cooperation with the countries concerned.

In the context of the WTO we must also not forget that **good governance** is key to development. Adherence to WTO agreements can make a substantial contribution to good governance. A stable, business-friendly environment is crucial for the development of the private sector. And private sector development is indispensable to overcome poverty. The concept of policy space must not be misused to give room to protectionism, arbitrary decisions and to waive countries from important structural reforms. WTO agreements can contribute in the fight against corruption. One good example is Trade Facilitation. To modernize and simplify customs procedures is not only a way to enhance export competitiveness but also a way to contain arbitrary decisions and corruption. In principle it is in the interest of developing countries to adhere to the WTO agreements. Exceptions from the general rules must be limited to those provisions where the capacity to implement them is not yet available. Technical assistance and appropriate phasing in periods are the right answers to these challenges.

Let me now give you a brief overview of the key issues:

Agriculture should be brought into the WTO mainstream. It is important to improve market access and work progressively towards the elimination of all types of trade distorting subsidies. Only balanced and ambitious liberalization in the three pillars of the agriculture negotiations will provide effective market opening. All WTO members need to contribute to liberalizing agriculture.

Reducing **tariffs** ranks among the key objectives of the WTO. The DDA must aim to provide genuine new market access by substantially reducing applied tariffs. We need an ambitious tariff reductions formula which addresses tariff peaks and tariff escalation. UNICE underlines that advanced developing countries must open up further. The erosion of tariff preferences is an understandable concern of many least developed countries. But to renounce of tariff reductions cannot be the solution. The issue has to be addressed in the framework of development policy. In this context the countries concerned must clearly define how they intend to diversify their exports and how they plan to enhance their export competitiveness.

We must also make sure that **non-tariff barriers** can be contained more efficiently. In this context UNICE stresses the importance of international standards, as set by ISO, IEC and Codex Alimentarius. Adherence to these international standards must be fostered on a worldwide scale. UNICE is very disappointed that progress in the area of non-tariff barriers has been very limited so far. Particularly companies in developing countries and small and medium-sized companies in industrialized countries are affected by these barriers. UNCTAD must therefore step up its efforts to address non-tariff barriers and to contribute to progress in the WTO.

Regrettably, the level of ambition shown in the DDA **services** negotiations has been dismal to date. This area is also of eminent importance to many developing countries. We urge WTO Members to improve their GATS offers to provide genuine new business opportunities. UNICE also sees the need to enhance the negotiating modalities in this area. The traditional request-offer approach has obviously failed. We need new ideas to boost this area of negotiation. Therefore UNICE welcomes the recent propositions tabled by the European Union.

UNICE calls upon the WTO to reach an agreement on **trade facilitation**. It must reduce trade transaction costs and improve the transparency of procedures. The value added of this agreement can only be safeguarded when it is binding in nature and subject to WTO dispute settlement. We recognize that the poorest countries need technical assistance to ensure that they too benefit from a trade facilitation agreement.

UNICE believes in a **rules**-based trading environment. The rules on dumping, subsidies and regional trading arrangement must be enhanced. The application of trade defense measures must be based on objective criteria and compliant with predictable and due process. The WTO antidumping agreement remains fundamentally well founded in its principles and objectives. But there is room for improvement. UNICE advocates, for example, a binding lower duty rule and a public interest clause.

Both companies in industrialized as well as in developing countries will benefit from lower tariffs, contained non tariff barriers, facilitated trade in services, modern, enhanced customs procedures and better discipline as regards trade defense instruments. UNICE works closely together with its counterparts in developing countries. We will do our utmost to urge policymakers to make the Doha Round a success.