

Lamy's Wish List May Prove Too Ambitious
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By Exim Matters

The Director-General of the World Trade Organisation (WTO), Pascal Lamy, has outlined his priorities for the Hong Kong Ministerial later this year.

He has tried to be crisp and sharp about what work needs to be completed immediately. His wish-list looks realistic but, in fact, may prove a bit too ambitious because on many points the views of WTO members are a bit too divergent and rigid.

On agriculture, Lamy wants an agreement on an end date for elimination of export subsidies, plus the issue of parallelism for exporting state trading enterprises, export credits and food aid.

He wants agreements on the Blue Box and Green Box criteria plus a tiered formula for reductions of the final bound total aggregate measure of domestic support.

Besides reforms in cotton trade, he wants a tiered formula for tariff cuts across the board together with certain flexibilities, in particular, the selection and treatment of sensitive and special products.

Developing countries would broadly agree with Lamy but might like to see binding commitments on domestic support only from the richer countries and a definite action (not merely action plan) on cutting export subsidies.

On non-agriculture market access (NAMA), the core elements are formula for tariff cuts, flexibilities in implementation and binding tariffs on items which are unbound now.

The other elements include erosion of preferences (ie, as duties come down, the extent of concessions comes down), the sectoral component (i.e. the issue of high duties on certain sectors) and non-tariff barriers (issues such as technical barriers to trade).

Lamy wants right balance between the formula and the flexibilities. He is less than explicit on issues such as peak tariffs and non-tariff barriers about which countries like India complain. They would prefer to see lesser emphasis of tariff reduction formulas.

On services, Lamy wants increased number and enhanced quality of the commitments which effectively open up trade in services. This is a bit vague but as Director General, Lamy has to stay clear of what sectors need to be opened up. Perhaps, the need to discuss application of 'national treatment' and 'most favoured nation' treatment principles to services could have been emphasised.

On improvements to existing agreements, Lamy has called for third-generation proposals with clear drafting proposals and has emphasised that members should arrive as closely as

possible to draft negotiated texts in anti-dumping, subsidies and countervailing measures and in fisheries subsidies. Few can quarrel with that view.

Finally, Lamy says that substantial results must be achieved in each particular area of negotiations, so that the sum of all areas delivers on the development dimension of the Doha round. The challenge is to maximize the development value of every sector and of the Round as a whole.

Lamy has no magic wand. He can catalyze; he can broker; sometimes he can lead; but it is the WTO members who take the decisions. Failure at Hong Kong will be a setback for the WTO. An agreement, however modest in content, is essential.

In the meantime, journalists, NGO representatives, scholars and others have been invited on September 12, 2005 to the WTO in Geneva to watch the proceedings of a Dispute Settlement Panel. It is the first time ever a legal proceeding is open for public viewing at the WTO. Lamy can take credit for that.

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