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BUDAPEST INFORMAL MINISTERIAL MEETING 28 MAY 1999

Communication from Hungary

The following communication, dated 7 June 1999, has been received from the Permanent Mission of Hungary.

Ministers from Argentina, Australia, Brazil, Canada, Chile, Costa Rica, the Czech Republic, the European Union, Hong Kong China, Hungary, India, Japan, the Republic of Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, Thailand, the United States and Uruguay met in Budapest on 28 May 1999 to discuss, at the political level, the objectives, expectations and ambitions with respect to the new round of multilateral negotiations to be launched at the Third WTO Ministerial Conference in Seattle on 30 November – 3 December 1999.

The following summary notes were prepared on the own responsibility of the Chairman of the Conference, Dr. Attila Chikán, Minister of Economic Affairs, Hungary. These notes are not intended to prejudice in any way the individual positions of the participants.

Chairman's Summary

Budapest Informal Ministerial Meeting 28 May 1999

The following summary notes have been prepared on the Chairman's own responsibility. They are not intended to prejudice in any way the individual positions of the participants. Rather, they compile some of the impressions gained in the course of an in-depth, constructive discussion among Ministers.

Ministers from Argentina, Australia, Brazil, Canada, Chile, Costa Rica, the Czech Republic, the European Union, Hong Kong China, Hungary, India, Japan, the Republic of Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, Thailand, the United States and Uruguay met in Budapest on 28 May 1999 to discuss, at the political level, the objectives, expectations and ambitions with respect to the new round of multilateral negotiations to be launched at the third WTO Ministerial Conference in Seattle on 30 November – 3 December 1999. The Ministers stated that the Budapest Conference took place at a critical stage in the preparatory process for the WTO Ministerial Conference at which the trade agenda for the first decade of the next Millennium was going to be set.

The Ministers discussed how the preparatory process could be made more efficient, how the success of the Seattle Ministerial Conference could be ensured and exchanged views on the expectations for outcomes from Seattle.

In light of the serious financial crisis of the past two years Ministers praised and recognized the resilience of the multilateral trading system based on WTO-rules and acknowledged its positive role in preventing a reversion to protectionism. There was agreement that, by keeping the markets open, the WTO system had contributed significantly to the containment of the crisis and had to play an important role in a broad and early recovery.

Bearing in mind the stabilizing role played by the multilateral trading system, Ministers reaffirmed their strong commitment to the WTO and agreed that a successful Ministerial Conference in Seattle could convey a needed message to the public that the multilateral trading system was healthy and on the right track, paving the way for further liberalization.

There was consensus among Ministers that the WTO should become a more universal organization. There was agreement that the early accession of candidates, preferably before the start of the next round of negotiations should be given priority, on condition that the applicants were able to accept the rules and disciplines of the WTO and were ready to undertake meaningful market access commitments. There was also strong support to find the proper means for all countries whose application had been accepted by the WTO to be allowed to participate in the upcoming negotiations.

On the issue of how to create a balanced negotiating agenda, sufficiently broad based to respond to the range of interests and concerns of all Members many of the Ministers were of the firm view that this challenge could best be met through a broad-based and balanced round of negotiations. They stressed that only such an approach could ensure that the diverse interests of all Members, developed, developing and transition economies alike, were reflected. It was a widely held view that the negotiations on the built-in-agenda elements would bring more substantive results if placed within a broader negotiating framework. A broad-based and balanced round would help governments to exercise their influence on developments in the face of rapid and far-reaching economic changes. Liberalization that serves as a means of improving living standards, growth and employment in all countries at all levels of development, would be strongly backed by public opinion.

There was agreement on the importance of faithful implementation of WTO Agreements. Some Ministers drew the attention to the difficulties experienced in the process of implementation and cautioned against overloading the WTO's negotiating agenda.

There was consensus that in creating a balance for the new series of negotiations the interests of the developing countries and particularly the least-developed WTO Members were to be fully taken into account with a view to expedite their integration into the international trading system. Therefore areas where liberalization would bring significant tangible benefits for the developing countries should be identified and such priority issues should be included in the negotiating agenda. It was emphasized that the problems related to the implementation of WTO Agreements, including the possible adjustment of existing rules, needed to be given adequate attention. There was a broad agreement that cooperation to address human resource and infrastructure constraints, particularly in the least-developing WTO Members, should be integrated into the new round; support for capacity building and trade-related technical assistance should be available for all developing Members.

On the question of the negotiating agenda there was broad agreement that – in addition to the mandated negotiations on agriculture and services – at least industrial tariffs should be covered in the upcoming talks. Some Ministers argued for the inclusion of investment, competition policy and trade facilitation in the scope of negotiations. In addition, it was emphasized that trade and environmental policies should be mutually supportive and jointly serve the objective of sustainable development. It

was also strongly stressed that in putting together the negotiating agenda the common wish that the upcoming negotiations should achieve timely and manageable results had to be taken into account.

When discussing the modalities for the upcoming negotiations many Ministers strongly favoured the single undertaking approach, i.e. that the results of the round should be adopted in their entirety and apply to all WTO Members. They emphasized that this principle constituted the guarantee that the round would bring benefits to all Members and the best means to ensure an end result acceptable to all. Some other Ministers preferred to have an agreement first on the scope of negotiations on the basis of which modalities can be agreed upon. There was agreement that, in light of the rapid changes in the global economy, the upcoming negotiations should be concluded in a relatively short period of time, much quicker than the Uruguay Round. Most Ministers preferred three years as a target for bringing the negotiations to a successful conclusion.

Participants supported that the Seattle Ministerial Declaration should be clear, concise and explicit, so as to avoid different interpretations. Participants expressed their view that, in addition to the adoption of the Ministerial Declaration specific decisions could be taken at Seattle. Many Ministers stated that these decisions should strike a balance and should support the successful launching of the new round. A number of possible subjects for decisions were mentioned, including the conclusion of the review of the Dispute Settlement Understanding and an up-front commitment to provide improved market access in favour of the least-developed countries.

On the subject of improving the efficiency of and public support for the organization many Ministers agreed that more could be done to explain to society the benefits of trade liberalization and that of the multilateral trading system, as well as to enhance dialogue with organizations of the civil society, for example in the form of High Level Symposia. Different views were expressed on what could and should be the WTO's contribution to the tackling of some of the problems or issues in relation to which the civil society shows great and growing interest, namely the legitimate protection of the environment and the protection of consumers. Many Ministers supported the idea that within the WTO transparency should be further improved.

Ministers discussed how political level meetings could be best used to induce public support for the WTO and the new round of negotiations. In exchanging views on what other fora could and should be used to support the preparatory process, among others, the upcoming meeting of APEC trade ministers, ASEM and G7/G8 meetings were mentioned. Ministers expressed support for a further informal ministerial level meeting of the "Friends of a New Round" in October this year that could positively contribute to the preparation for the Seattle Ministerial Conference. Switzerland kindly offered to host this meeting.
