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ITALY ON BEHALF OF THE PRESIDENCY OF THE EUROPEAN UNION

Statement by H.E. Mr. Antonio Marzano
Minister for Productive Activities

I would like to thank the Mexican Government for its hospitality and the excellent organization of this Fifth Ministerial Conference.

Italy, since 1 July 2003, exercises the important role of President of the EU and I'm therefore particularly proud to represent here both the European Communities and my Country.

These days the entire world is looking at us, expecting, particularly from us, the Ministers, to give directions for the economic scenario of the next months and the future shape of history.

Our decisions and our collective and shared objectives to meet the mandate of Doha, will make it possible to assess our capacity to respond to the expectations of our society.

It is not easy to find a balance which would satisfy all the interests of the 148 Members, but we should all work together to achieve this result at the end of the Round. In Italy, for example, there are some mosaics made with many little coloured pieces which create an extraordinary harmony. Our interests are as diverse as those colours, but together – if there is an agreement – we can shape a bright future for all.

If this Round is concluded successfully, we will have long lasting effects and there would be benefits in every continent, country and city of the world. Every human being will be positively affected, especially in developing and least-developed countries, to whom the DDA is dedicated. Their hopes are our hopes.

Here in Cancún we are not striking the final deal, but something of a different nature: we are conducting a mid-term review. It is an important step in the process of keeping on track the promise we made to the entire world to complete the DDA before 1 January 2005.

The success or failure of Cancún will depend on our will to respect our commitments. We have the opportunity to evaluate the results made so far, to look each other in the eye and to roll up our sleeves in order to reach the end of the Round in the most satisfactory way, on the basis of the mandate – which is binding for us – that we set in Doha.

We have achieved some important results.

First of all, we welcome the valued participation of new Members, especially from developing and less-developed countries, who have joined the WTO. Today, we welcome Nepal and

Cambodia, as we did Armenia and FYROM, and as we will welcome Vietnam, Russia, Saudi Arabia and all the others that are embracing the rules of trade and the rule of law.

This shows the great importance developing and least-developed countries attach to a free and regulated trade as a key tool for their development. We are well aware how difficult this process is, because not only it is complicated to set the rules, but also, even more so, to implement them. That is why we are engaged in a Round focused on the reduction – or even better the elimination – of the existing economic gap between countries. If the DDA succeeds in maintaining its original drive, the long lasting effects will in the end greatly contribute to the process of convergence between North and South.

The European Union has a great responsibility – as just mentioned by Commissioner Lamy – to its continuing commitment to this process. It is a path on which the EU is already embarked, attaching great attention to the issue of Implementation, Special and Differential Treatment and the importance of opening our markets to the LDCs without reservation. We are ready to continue this commitment now and in the future. We believe that we could be an example for the industrialized world. We are confident that initiatives such as Everything But Arms (EBA) could be followed by others.

This preferential scheme for the LDCs is of particular importance for their agricultural sector, but on this sector the EU has also devoted great attention to all developing countries. In this respect, it is important to recall that the EU is the top world importer of agricultural products from developing countries. The EU alone imports more than the overall imports of all other industrialized countries, in 2002 for example 33.5 billion euros, compared to the 33.4 billion of the other industrialized countries. But EU policy is also important for all other exporters. With more than 60 billion euros in 2002 it is the leading importer.

A further illustration of the EU's willingness to play a real and constructive role in this Fifth Ministerial WTO Conference is the recent CAP reform. The EU has tackled this internal reform to show the rest of the world what the real situation is in European agriculture. Notwithstanding the particular situation of the EU, with a different history and needs when compared to many other countries, the EU achieved an extraordinary result: the drastic reduction of distorting subsidies and the transfer of subsidies from production to farmers.

Our CAP reform therefore gives us a more concrete base to negotiate. It is important that the implementation of the existing international trade rules, on which we have shaped the European agricultural economy and its characteristics, will be strengthened.

The negotiations must take into account these elements.

As for market access, the list of 41 products we have recently submitted to the WTO, is just an example of how much it is important for us that our traditions should not become the object of unfair competition.

In addition, it is worth mentioning that although EU tariffs are not higher than those of many other countries we remain committed to a reduction and harmonization of duties.

I would hope that the recent steps undertaken together with the USA towards a convergence of the different positions could enhance the possibilities of finding acceptable solutions in the difficult agriculture dossier. The EU and United States have shown a great sense of responsibility in the area of international trade and they have agreed upon the basics of a solution that could benefit all WTO partners and particularly, in the light of the Doha mandate, the interests and needs of developing and least-developed countries.

On NAMA I would say that the reduction of tariffs, the cutting of tariff peaks and the elimination of non-tariff barriers, will give a boost to trade, create more wealth and reduce poverty. This will be the path to follow and I do hope that the "modalities for negotiations", which we are going to discuss, will help us to pursue that path to a further and deeper opening of markets.

Certainly, we do have some concerns. In particular, the reduction of tariffs in some specific sectors – such as textiles – should be harmonized and implemented by all.

As far as the Singapore Issues are concerned we ask all partners to support the launching of new negotiations, because we are convinced this will help to accelerate growth in all countries.

Therefore, our request takes account of development issues and is in line with the principle stressed in the DDA, that of safeguarding the "political space" for all partners.

This is a *condition sine qua non* which we put forward. There will be no danger that these issues could impinge on the ability of these countries to maintain unchanged their authority and autonomy in those areas.

In parallel with market access liberalization, it is necessary to work for the strengthening of Rules. Different levels of social and environmental protection do not help the growth of trade. In any case, our final objective is to spread welfare around the globe. Part of this welfare is also a proper respect of the dignity of workers. We need a major effort from all parties to assure a sustainable development from an environmental perspective and to assure social conditions linked to the fundamental labour rights.

So far some progress, although still not for us enough, has been made concerning the relationship between trade and the environment.

On technical assistance, the European Union, and if I may say so Italy in particular, are strongly committed to the initiative launched in Doha aimed at increasing the negotiation capabilities of developing and LDCs and the economies in transition.

Italy contributed 2 million euros to the DD Trust Fund, in addition to 900,000 euros for the Integrated Framework and 1 million USD for the Advisory Centre.

I should like to conclude by expressing my total satisfaction for the achievement of the agreement on par.6 of Doha Declaration on TRIPs and health, which marks at the same time an important conclusion of a process and the starting-point for a more effective cooperation between industrialized and developing countries. I hope that it will pave the way to a positive conclusion of this Conference.

If we succeed in accomplishing our mandate to facilitate world economic growth, we will have given an example to other International Organizations to do the same, because only coherence between all policies can constitute the basis of a better life for future generations.
