

DG PRESS CONFERENCE

July 2008

Keith Rockwell

Ladies and Gentlemen, good evening. Welcome to this press conference with Director-General Lamy. Mr Lamy will give an opening statement and then will take your questions. We'll have about half an hour. We have a series of press conferences lined up after this. Monsieur Lamy, allez-y, s'il vous plait.

Director-General

Thanks, Keith.

I think it's no use beating around the bush. This meeting has collapsed. Members have simply not been able to bridge their differences. I had hoped to come today with good news. The good news would have been that after a week of extenuating negotiations, after hours and hours of senior officials' and Ministers' meetings, we had converged on the final package comprising the issues that they all care about. I was hoping to say that we had slashed and capped the level of trade distorting subsidies like never before. I was hoping to announce that beef, sugar, ethanol, tropical products and products suffering from tariff escalation would now see an improvement in their market access worldwide. I was hoping to tell you that tariff peaks on industrial products of interest for developing countries had been slashed; that the developed countries had consolidated duty-free and quota-free in the WTO; that export support in the form of subsidies, state trading enterprises, export

credits, had been removed. All this was ready for a final package, but some important pieces were missing. The special safeguard for developing countries to counter import surges in food. Cotton. Not to talk about TRIPS related issues. And the least, ...

What Members have let slip through their fingers this time is a package worth more than US\$130 billion a year in tariff savings by the end of the implementation period. With US\$35 billion saving in agriculture; US\$95 billion saving in industrial goods; with emerging countries contributing one third and benefiting from two thirds of overall gains. A true development package. A true development round, with a rebalancing of the rules of the trading system in favour of developing countries.

Instead of that, this time a difference in positions in the volume of imports for the trigger of the special safeguard measure has led to failure.

We had a mandate to create the safeguard to protect developing countries against import surges in food. Those who feared that the safeguard would lead to a disruption to normal trade wanted this trigger as high as possible. Those who feared that the safeguard would be not operational if it was too burdensome, wanted a lower trigger.

After more than sixty hours trying to find bridges between these two positions, it became today, afternoon, that these differences were not reconcilable. As a consequence of that the remaining issues, including cotton, were not even negotiated.

I know you'll ask me questions about what happens to the package already on the table; what happens with the round. We will need to let the dust settle a bit. It's probably difficult to look too far into the future at this point. WTO Members will need to have a sober look at if and how they bring the pieces back together.

What happened today will certainly not strengthen the multilateral trading system. It will not improve the system which has provided all its Members an insurance policy against protectionism over the last sixty years. And we know that these systems need improvement. But my hope is that, given the resilience of the system, it will be able to resist the bumpy road ahead of us. As far as I'm concerned, I will continue to try and serve this Organization, its Members, as best as I can, and keep devoting my efforts to the modernization of a fairer trader system.

Keith Rockwell

Questions, please.

Daniel Pruzin.

Daniel Pruzin

Mr Lamy.

Daniel Pruzin with BNA.

I was wondering if you think the set-back today showed a lack of leadership by two of the WTO's most important Members, the United States and India. And what do you think needs to be done to put this back on track?

Director-General

No blame game on my side.

Whether and when this can be put back on track needs a bit of reflection. The view of the seven Ministers in the small group; the view of the twenty Ministers who were still here in the larger group; they discussed that just before the short TNC we had, and their desire, their request, for some, was that this should be put back on track shortly. Some even asked for a last try to be made tonight on this difference remaining on the special safeguard mechanism. So we'll be thinking about that. I need to consult with Members. But as far as I'm concerned, although today is certainly a serious setback, looking at what was on the table before this week, looking at what's on the table after this week and there is much more on the table after this week recognizing that it's a single undertaking and that there is no early harvest, I'll try to put that back on track.

Keith Rockwell

Saki Ouchi, please.

Mme Ouchi

Monsieur Lamy, could you share with us what you told the Members at the last G-12 meeting today, as you concluded the meeting. And also, regarding the comments you've just made, what do you think would be the ideal thing to do to the package that is already here?

Director-General

Well, what I told them is very simple. They've simply failed to bridge this difference. In doing this they have taken a collective responsibility to threaten the conclusion of this Round.

As far as your second question is concerned, I need to think a bit about that. These are not decisions I take by myself. I will have to discuss this with the Members. But my initial reaction is not a reaction of throwing in the towel.

Keith Rockwell

Ravi Kanth and then Alan Beattie, please.

Ravi Kanth

Mr Lamy, my name is Ravi Kanth, I represent Washington Trade Daily.

Just a simple question. Are there any lessons in terms of how you address these issues, that you should avoid next time? Namely, are there issues like cotton, for example, that you should have addressed up front once you had the OTDS discussion, because today it doesn't look that appropriate to say that SSM is the cause of the collapse of this meeting.

Director-General

As I said in my introductory statement, Ravi, and I know who you represent: we didn't negotiate cotton. And I think, others than me will tell you that where the thing broke down was on the special safeguard mechanism. Why didn't we address cotton? We did not address cotton because cotton was linked to product specific caps and the blue box. The reference period of product specific caps and the size of the blue box needed marginal adjustment. Cotton is linked to that. And it's not in my capacity to oblige people to negotiate something if they believe in their own to do list this is linked to other things. So that's where we are, but we have a dispute settlement in the World Trade Organization. As you may know, there are ongoing litigations which have to do with cotton. If the decisions which need to be taken on the slashing down of subvention of cotton, had been taken, they would have come into place with the implementation of the Round. So, in the coming months, the cotton issue will remain active where it is, for the moment, which is the dispute settlement system.

Keith Rockwell

Alan Beattie and then Hedayat, please.

Alan Beattie, Financial Times

Mr Lamy, in retrospect, do you think it was right to take the gamble of calling a ministerial meeting when there was still large gaps remaining between Ministers? And secondly, with regard to your own position, do you intend to stand for another term as Director-General of the World Trade Organization?

Director-General

On question number one, it's a question I've put to myself, as you can imagine. But in order to check my own answer to myself I've also put it to a number of Ministers. None of the Ministers to whom I've put this question told me I shouldn't have done it. And the reason why they believe this is because just getting where we are now, just constructing, on the basis of seven years of negotiations, the bit of bridge towards the end that they have constructed, was worthwhile. And we all know it would never have been there without Ministers in town coming in a spirit of compromise and undoing, because only Ministers can do that, undoing the sort of fortresses that their officials have constructed around these topics. We need Ministers to break down these tactical walls, and they did it. We had a to do list of 25 issues. We got to number 23. And then we couldn't go to the end. But the Ministers who have been there this week have done a large part of the job. Not the whole job. And as we work within the single undertaking, with all the things linked to one another, we can only sort of assess that within this single undertaking on modalities there remain one or two or three issues that need to be closed.

Keith Rockwell

Hedayat and then the lady in the back there, please.

Mme Hedayat Abdel Nabi

Mr Lamy, following the collapse of the talks some people said that maybe it could be picked up in two years because of the different elections coming. Do you agree with this assessment and, if not, just walk us through a scenario?

Director-General

Sorry, I didn't answer the second question that had been posed a moment ago. But you know I am a bit tired, so please forgive me.

It's a question to which I have no answer for the moment. And, frankly speaking, I've been focused on thinking about other issues. And I know it's a very personal decision. And there are other elements which I have to factor in before giving any answer, which I don't intend to give for the moment.

On the question about political cycles. Yes, I mean, we have a political cycle. We have elections coming in some of our important Members, the US, India, just to take two examples. We know that in the present situation of the world economy, with the consequences of oil price, food price, on poor populations, elections will threaten any government in place in the time to come. This crisis is not just a dip like other crises because it has a specificity which is that the social consequences of this crisis are a multiple of a normal crisis because it hurts the budget of the poor. So in these circumstances elections will be fought hard and we have to take this cycle into account. We know we have a US administration which is nearing the terms of its mandate. We know we have

elections everywhere. We have to factor this in. And one of the reasons why I've always thought that sooner was better than later was precisely because of this, so this will not make the life of the negotiations easier, for sure.

Keith Rockwell

Yes please, the lady there, and then Jean-Paul.

Radio Europe 1

Mr Lamy, a question in French for Radio Europe 1. What is your feeling regarding this failure after seven years of negotiation, and what went wrong in your view? Thank you.

Director-General

No, it is a feeling of disappointment which is shared, I think, by all of the participants. We had 20 items on our list of subjects to deal with, and we managed 18. We stumbled on the 19th. Since we cannot move forward until agreement has been reached on all 20 subjects, by managing 18 rather than 20, we have accumulated material that will help us for the next stage. It is like climbing a mountain: we have significantly, very significantly raised the level of the base camp, and what remains is to reach the summit – perhaps next time.

Keith Rockwell

Jean-Paul, you have the floor, and then Bill Schomberg.

Jean-Paul

Thank you, Mr Lamy, my name is Jean Paul Hoareau de Montrose, in case you did not know. I work for Deutsche Welle, Germany. I mention this for your information.

But joking aside, everyone, Mr Lamy, in any case all of the main actors, are speaking of failure this evening. You mentioned it yourself just now. But talking behind the scenes with certain delegations, particularly from the developing countries, they appear to be satisfied, to be pleased to have obtained certain things in connection with these "*acquis*" you speak of. Do you have a way of preserving them in the future? I know that it is difficult from a legal point of view, but could you not make an appraisal of the situation so that when you resume your discussions you do not have to go over it all again, or as a way of making sure they are not forgotten.

Director-General

Let us say that I understand how our developing country Members, which represent the vast majority of WTO Members, can have the feeling that a lot of work has been done this week, because it is true, some of their topics have progressed, including subjects such as preferences and tropical products, which are very important to many of them, and which are more or less in the bag. The trouble is, the bag can only be of any use if it is full, if all of the topics included in the Single Undertaking are there. So yes, I can understand very well that they might think that they have, so to speak, accumulated material for the next stage, but to be quite frank, this material can only be of any use if we conclude the Round. Take, for example, the elimination of export subsidies, which was on the table in Hong Kong in 2005: it has been on the table now for close to three years. But since we

have not yet concluded the Round, it remains on the table. If we had concluded now, the elimination of export subsidies was scheduled to begin somewhere around the beginning of 2010. Since we are falling behind generally, the elimination of export subsidies is also falling behind, and in the meantime, the countries that apply such subsidies can continue to do so. So once again, let us be very clear, there are many things on the table, but in keeping with the principles guiding our work, everything has to be on the table before the whole package can become operational, and this is not yet the case.

Keith Rockwell

Bill, please, and then Jamie.

William Schomberg

Hi. Bill Schomberg from Reuters. I've not, in the past I think you've been able to express how close we are to 100 per cent of the deal being done. There was significant progress made on some core issues this week. Are you able to tell us now your estimate for how close, or how much of the Doha Round has now been accomplished?

Director-General

Well, in terms of the package of modalities, which is a pre-condition to moving to the final phase, I would say 80, 85 per cent. And if we cross this bridge one day, then we would be 80, 85 from the finishing line.

Keith Rockwell

To Jamie, please, and then the gentleman down the middle aisle.

Jamie Strawbridge, Inside US Trade

Hi, Jamie Strawbridge, Inside US Trade.

One just quick clarification point, Mr Lamy. Is it correct to say that there is no date at this time set for future talks in the Doha Round? And then, for my question, how confident are you, actually, that all Members are going to want to come back and continue Doha Round talks? And at what point do we just say it's too tough to conclude multilateral trade deals like this? Thank you.

Director-General

I mean, you know, talks always are there in this Organization. The problem is whether it's talks between experts, talks between senior officials, talks between Vice-Ministers or talks between Ministers. So I'm confident the talk will go on. The experience is that we need Ministers to crack a number of issues. And even then, after quite a bit of time, the whole list of the "to do" list could not be completed.

As far as your second question is concerned, we will hear more tomorrow in the formal Trade Negotiations Committee. What I got, the sense I got, both from the small group and from the larger group, at the end of this afternoon, is that they believe that the package on the table needs to be preserved, captured. They used a variety of English words to do that. And my sense is that, if this is their reaction, they are not throwing in the towel. I haven't heard, during this short time of consultations, a suggestion to this effect. But again, I think it deserves a bit of thinking and I will not rush into any conclusion at this stage.

Keith Rockwell

Last question for the gentlemen at the back in the middle row, please. Go ahead, sir.

Radio Suisse Romande

Mr Lamy, do you consider that in the course of these negotiations any particular party has reneged on the commitments it had assumed in the course of the discussions?

Director-General

No. As I said at the beginning of this briefing session, I am not in the business of finger pointing. My functions in this Organization inevitably mean that I see, that I know, that I understand much of what motivates any particular position or movement or manoeuvre, but you must understand that this is really the kind of subject which for ethical reasons, I must steer clear of. I am sure that as usual, the ministers will reveal to you the invisible part of the negotiations. As for the visible part, I do not want to jeopardize it, since very often – at least in my experience of this kind of event – it is the invisible part that emerges next time round. If I were to lack the required discretion, I would be jeopardizing the next stage and I must not and cannot do that, nor do I wish to.
