

Report by the Director-General (as delivered at the informal heads of delegation meeting on 9 May 2016)

I would like to report on the conversations that I have been having with members.

Since the General Council in February I have visited Qatar, Jordan, South Africa, Lesotho, Argentina, Brazil, Germany, Viet Nam, Malaysia, Indonesia, and Pakistan. On each of those visits I reported — both to government officials and to other constituencies — on the recent accomplishments at MC10. I also briefed them on the challenges ahead and on the ministerial mandate that asks all of us to find ways to advance our work and negotiations in Geneva. I invited them to be active participants in this discussion.

In recent weeks I have also attended a retreat held by the LDC Group in Montreux and a meeting of the Asian Group of Developing Countries here in Geneva. Due to illness I was represented at the Africa Group's retreat in Chavannes de Bogis by DDG Agah, who has of course briefed me on those discussions.

Regarding substance, my discussions with members have focused on two points:

- First, implementing the Nairobi & Bali outcomes — covering export competition, cotton, LDC issues, the Trade Facilitation Agreement, and negotiations on an SSM and a permanent solution on public stockholding.
- And, second, as we were instructed to do by Ministers in Nairobi, figuring out how to build on those outcomes and advance negotiations.

On the first point (implementing Bali and Nairobi), clearly we need to keep making progress in all areas. We will have a full update on implementation from the General Council Chair during the meeting on Thursday.

For my part, I have held a few meetings with the 16 members who currently have export subsidies entitlements for agricultural products in their schedules. Some of them reached out to me asking, in particular, how they should proceed concretely with regard to changing their respective schedules, given the Nairobi decision envisaged the 'elimination' of such entitlements. So I convened meetings with the groups of developed and developing country members who have such entitlements. We met in two separate groups. First, I met with the group of developed countries with such entitlements since, as you know, despite some exceptions, they have to implement the elimination of those entitlements immediately. Second, I met with the group of developing countries, and I recall that these members only have to start eliminating their entitlements by the end of 2018, with the exception of cotton for which the elimination should take place as soon as 1 January 2017. We had good conversations and I think that we will soon be in a position to take a common approach on how to translate the Nairobi decision as it relates to scheduled export subsidies entitlements.

On ratifications of the TFA and the TRIPS amendment, we are seeing a lot of progress — including during my visits, where I have sometimes personally received the completed instruments of ratification. On the TFA we now have 77 ratifications. This takes us a long way towards the two thirds that we need for the Agreement to enter into force. And on the TRIPS amendment we are even closer — with just a handful more needed to get over the finish line.

I would encourage members to keep a focus on all areas of implementation.

Let me turn now to the second point, which is finding ways to advance negotiations. I am seeing a significant increase in the level of interest in our work compared with what we had before Nairobi. I think we have to take advantage of that. As I have mentioned before, in every place I visit I am also seeing a notable increase in engagement from the private sector, for example. This is very welcome, and at the request of the ICC and B20 I have agreed to facilitate a dialogue among and with business representatives at the WTO on 30 May. I have sent a fax to all Heads of Delegation inviting you to attend a session of this event. I want to facilitate these businesses — large, medium and small — from developed and developing countries — to exchange views among themselves and share with us some of their thoughts on trade issues. I think this may be an interesting contribution to our debate here. Of course it will be entirely up to you to follow-up, or not, on any of the ideas that may come from the participants.

Returning to my report, from my many exchanges with members, I have been very pleased with the change in tone. There has been a marked increase in positivity about our work, despite the uncertainties on how to advance negotiations. The Nairobi Ministerial was received as a very successful conference — and so now people are asking how we can keep up this record. They want to know how we can keep delivering successful ministerial conferences — and what might be on the table to be delivered. I have been inviting members to reflect and to contribute their thoughts to this debate. And I continue to hear a lot of ideas being floated regarding process and substance.

There remains a clear emphasis on putting development at the centre — and on prioritizing LDC issues. Of course members remain committed to implementing the Bali and Nairobi ministerial decisions and to delivering the remaining DDA issues. But we need to find, in all areas, a way of overcoming members' differences to find a credible path forward. I have been asking members to do just this. I have asked you to talk to each other. And I called on the Chairs to reach out to members in order to deepen this dialogue. I have asked everyone to be creative and open-minded.

As far as Doha and its pending issues are concerned, I have not yet heard anything that could promise a breakthrough. We tried very hard for two years to find an idea, a methodology, anything that could facilitate an agreement. Evidently, we did not succeed. The difficulties were not based on substantive economic considerations — they were mostly political. They revolved around very basic and fundamental conceptual differences about what and how each one should be contributing. There was no overlap at all in positions.

So we clearly need to brainstorm further to begin to identify solutions, particularly on the tougher issues. In fact, it is encouraging to note that neither the Chairs nor members have given up. They

are still exploring new ideas and concepts. I urge them to continue and to intensify these efforts. We all need to work harder. We won't move forward here without a real step-change in the levels of flexibility and political will.

Also, beyond the DDA core issues of agriculture, NAMA and services, I am hearing a range of other things that members would like to discuss as well. Some of these are also DDA issues. Fisheries subsidies is one such area which has frequently been raised. Other issues which I have heard raised include competition policy, SMEs (or MSMEs), investment facilitation, e-commerce, private standards, NTBs and many others.

I think it is positive that members are looking in a practical way at what their priorities might be. But there is a very wide range of issues here — and in each case, we need a much greater degree of specificity. E-commerce, for example, could cover a whole universe of potential issues. What specific areas do members want to put on the table for discussion? And on DDA issues like agriculture and market access, how can we avoid running into the same problems that we have faced year after year? What are the specific steps we should take?

We will need more clarity in order to make progress. This raises some questions about timing and process.

First, let me stress the issue of timing. If we are going to deliver results by MC11 — whatever they are — we need to firmly establish our priorities as soon as possible so that negotiations can be pursued with vigour and purpose as soon as possible. Some issues already have MC11 as a deadline for outcomes, such as public stockholding. This is not the case for most other issues however.

We don't have unlimited time and our current reflection period must soon transition into a proposals-driven process. This is precisely why my schedule of trips is so intense in this first semester. After the summer break it is my intention to stay mostly in Geneva so as to facilitate this transition as much as I can.

Second, we need to better understand what paths are available to us as far as process is concerned. We do have guidance concerning multilateral negotiations. The Nairobi Ministerial Declaration clearly states that any multilateral negotiation must be approved by consensus. However, I know that some of you would like to start conversations on certain issues before we establish whether or not multilateral negotiations are either required or desirable.

This is a member-driven organization and therefore it is entirely and solely up to you to decide how you want to pursue these conversations. Some of you talk about seminars, others think of informal meetings, and I'm sure that many other approaches may be envisaged.

Whatever you decide individually or in groups, my strong recommendation is that these approaches be inclusive and open-ended — at least as a starting point — affording any and all WTO members an opportunity to participate actively and constructively from day one.

I am a strong believer in multilateralism and I think that this should be the preferred approach. I'm sure in some areas not all of you will be ready to or willing to participate. I have said before that it is my view that the future of our negotiations hinge on our ability to be flexible, recognizing fully the diversity of circumstances among the members — somehow following the example of the Trade Facilitation Agreement.

Whatever we do, let's go together as far as we can, without ignoring the possibility that some commitments will possibly be out of reach for some of you. At the end of the day, we may also follow approaches where multilateral and plurilateral commitments follow parallel tracks and substantively complement each other. I would be open-minded about this somewhat hybrid approach.

Nonetheless, I must go back to the very fundamental fact that you are the drivers. You will decide the path forward for any issue you want to pursue. I have just expressed to you my own views, which have as a fundamental goal the systemic health of our organization.

These are questions for you all to consider. But the message I am receiving loud and clear from capitals — and from many of you here — is that we must keep delivering.

So we have to keep an eye on the calendar. Five months have passed since MC10. Soon it will be time to roll up our sleeves and move towards identifying some concrete outcomes for MC11. This means that our period of reflection must soon be over. In short, we need to be ready to move to the next stage of our work, and to provide more specifics about both the 'what' and the 'how'.

Creativity and open-mindedness will remain essential. But so will continued and increased political buy-in from capitals. The Chairs and I remain at your disposal to assist you in defining a credible path forward.

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