

## ICCA statement regarding the WTO ministerial meeting of 15-17 December 2011

ICCA regrets that yet another biennial WTO Ministerial Conference approaches without a political consensus on improving trade rules and removing trade impediments within the Doha Round. Many countries are still suffering from the 2008/2009 crisis and the sceptical outlook for 2012 demands resolute and effective political actions. The best way out of the current global economic and financial turmoil is robust growth and the creation of new jobs. The means to achieving these goals are further multilateral trade liberalisation and a functioning WTO. ICCA therefore calls on all WTO members to deliver meaningful results on the WTO's two main functions: trade liberalisation and rule-making.

ICCA applauds however that the WTO has so far been very instrumental in helping to avoid a flood of protectionist trade measures which would have aggravated the economic and financial crisis even more.

The case for chemical tariff liberalisation has never been stronger. No country or region has a self-sufficient chemicals sector. Even countries with a strong chemical industry require imports of raw materials and intermediate chemicals. Most importantly, every country needs chemicals for general manufacturing, manufacturing of products used in health care and in environmental protection, food processing and farming and many other job-creating downstream manufacturing sectors.

In 2010 international trade in chemicals exceeded \$3500 bn and this is why chemical trade is a vital contributor to GDP growth and high-skilled job creation. This has also been underlined by a recent study undertaken by the French research institute CEPII. This study shows that the economic benefits arising from the Doha Development Agenda (DDA) negotiations in the World Trade Organisation amount to an increase of world exports of \$359 billion on an annual basis from a deal on the liberalisation of industrial goods, agriculture, services and on the removal of red tape. If an agreement on sectoral liberalisation of industrial goods (chemicals, machinery, electronics) could be reached, world exports would increase by a further \$146 billion, totalling \$505 billion annually.

An open, free and fair global trading system with strong IPR protection for chemicals creates opportunities for innovation, product development, value-add employment and sustainable growth. This is why the ICCA has been a long standing supporter of the WTO as well as multilateral measures that facilitate trade flows.

There is a clear danger that the DDA impasse will result in a 'beauty-contest' on bilateral agreements leading to multifarious, unconnected – or worse, potentially conflicting - trade arrangements. Whilst ICCA does not oppose WTO-plus bilateral FTAs, it considers it important that at the multilateral level there is a corollary for bilateral agreements, i.e. maintain the primacy of multilateral rule-making and trade liberalisation.

The chemical industry calls on the WTO membership to ensure that a deferral or breakdown of the DDA negotiations does not put the WTO system at risk. The WTO must be put back on track and recover both its liberalisation and rule-making functions which have been lost in the past 10 years. A collective decision is therefore necessary to seriously re-assess the path forward for a fully functioning WTO. A failure of the WTO will hurt global trade, will encourage protectionism and may encourage less than optimal regional trade agreements.

Whilst the reasons for the current lack of progress in negotiations are different, the identification of a substantive area of potential agreement by a major sector in international trade could have a very positive influence on progress in the negotiations. The chemical industries high dependency on the efficiency of international trade and the fact that Trade Facilitation has made more progress than most other areas of negotiation means that if the governments were to focus on achieving a robust agreement covering Trade Facilitation, they could achieve an extremely valuable outcome for all and stimulate progress in other areas of the WTO negotiations. Trade efficiency, or in the jargon of the WTO 'Trade Facilitation', is key to the improvement of the trade management process. Trade Facilitation is an area where all industry sectors have an interest. Trade Facilitation has been dealt with extensively in the WTO negotiations, it is where business in developing countries and developed countries have common goals and where all parties believe that agreement in this area will stimulate trade and achieve benefits for all. The negotiations have progressed very positively and should be finalised regardless of overall progress on the DDA.

In summary a Trade Facilitation Agreement would:

- Significantly reduce the transaction costs for international trade;
- Reduce the total transaction time from manufacture to customer;
- Improve the predictability of both cost and delivery time;
- Reduce corruption;
- Improve security;
- Increase economic development and trade volume.

ICCA sees little value in the pursuit of an environmental goods agreement. Environmental goods are not a clearly defined sector. The harmonized tariff schedule does not differentiate between "green" and "non-green" products. This kind of differentiation would introduce a subjective element and a socio-economic value judgment into a fact-based and mutually accepted technical classification system. It would also introduce end-use criteria that would bring additional administrative burdens for customs authorities, economic operators and would put a strain on global trade.

ICCA welcomes the accession of Russia to the WTO, the only G20 economy that was so far not member of the Organisation. The implementation of Russia's commitment, as described in the accession package, as well as the adoption of legislation and other regulatory reforms will significantly improve the trade and investment conditions. The average tariff ceiling for chemicals will be reduced to 5.2%. The accession of Russia to the rules-based WTO system will generally improve the transparency and predictability of trade. Of particular importance is that the Russian gas price for industrial sectors will follow the model of "cost + profit + investment". We call on WTO members to work closely with Russia to ensure full implementation of commitments.

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#### **ICCA**

The International Council of Chemical Associations (ICCA, <http://www.icca-chem.org/>) is the world-wide voice of the chemical industry, representing chemical manufacturers and producers all over the world. It accounts for more than 75% of chemical manufacturing operations with a production exceeding USD 1,6 trillion annually. ICCA promotes and co-ordinates Responsible Care® and other voluntary chemical industry initiatives.