

The EU and the WTO round: seizing the opportunity for development and growth

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Let me start by thanking you for your hospitality. It is a privilege to be here and I want to thank the LSE for this invitation and all of you for being here.

First of all, I was very honored to be invited to speak at this European series of public lectures just before Lord Patten whose track record in these matters is impeccable which sets standards very high.

This series of lectures is timely: more effective and innovative thinking and more discussions are clearly needed to shape the Europe we want to build for the 21st century and to make sure that the tall ship "Europe" stays afloat, continues its journey and arrive at its destination.

For a member of the French government it is challenging to speak on both international trade and Europe during this difficult period of European construction and globalization. While I decided to take up the gauntlet, I will nevertheless ask your protection under the law of hospitality in exchange for which I promise not to patronize for too long so that we can have an actual debate.

Today, I would like offer my vision of Europe's role and, particularly, that of our two nations in the current round of WTO negotiations. I believe that Europe can

provide a unique and decisive contribution to the international trade debate which can help unleash Doha's potential for global prosperity.

I. What is the EU?

To assess Europe's influence on international trade, we must know what Europe is, what value it brings and what makes it so special in the global arena.

The current debate in Europe is not specially illuminating in this respect.

Concerns about European construction raised by citizens in France and the Netherlands, and the current debate on the borders of Europe give the impression that Europe is a hotbed of dissension. The press eagerly headlines our disputes on the CAP, on the budget and on the Constitution but rarely mentions our common values.

A full description of what makes Europe a singular player in the world is clearly far beyond the scope of this lecture. Like Alice trying to see how deep the rabbit hole was, we could wind our way through dozens of lectures on this issue.

Nevertheless, it is worth reminding ourselves a few basic facts.

First, Europe's personality is clearly visible from overseas.

If the image of Europe is blurred from a European perspective, the picture is clear for the rest of the world, which easily recognises Europe's uniqueness. In my travels around the world – my past experience as chairman of Baker and McKenzie offered me in this respect more occasions than I would have wanted - I have always been struck by the fact that European countries and people are naturally perceived as having this “something” in common that sets them apart and make them different from other parts of the world. Ask an American, a Chinese or an African what is Europe and their response will certainly be more clear-cut than if you ask a Spanish,

British or French citizen. They will mention human rights, the welfare state, freedom of expression and culture, civilization, and probably history.

Secondly, people tend to underestimate the essential values we share.

Let's take the example of our two countries. We have in common a long and varied history, including the taste of victory and the bitterness of defeat. Our bilateral relations are deeply rooted in our shared history. This common ground made it possible yesterday to contemplate what today would seem pure fiction: the union of our two countries. We all remember that Churchill and his cabinet - with an exceptional sense of generosity - accepted Jean Monet's proposal of a Franco-British Union in response to France's dramatic defeat in June 1940.

There is more in common than what separates us. To mention only four :

- (i) Our determination to act as a global player;
- (ii) Our commitment to eradicate poverty and inequality;
- (iii) Our commitment to environment protection;
- (iv) Our welfare states.

(i) Our determination to act as a global player;

Very few countries today have developed the capacity to act as a global player with a whole range of policy and tools including military action, diplomacy, influence and development.

Even fewer countries use this capacity in the manner and with the goals, used by the United Kingdom and France.

As to "how", we both learned during our long history that time and space play a very important role in geopolitics. We know that geopolitics and diplomatic issues have

to be considered over the long term and in all their complexity, and we know that crisis management without regard for the past or the future is the best way to get it wrong. We can see this clearly in the approach followed by the United Kingdom and France to the Iran issue. The same is true for trade policy: we both know that simplistic approaches are wrong, that transition periods are very important.

As to "why", both the United Kingdom and France put their status as global players at the service of greater cause. In the interest of peace, and human rights, French and British soldiers are combating on the same battlefield in Yugoslavia or Afghanistan.

Joint projects in the area of defence are also numerous. I would like to mention just two of them.

1. The french-british agreement signed in Saint Malo in 1998 which was seminal to the launch of the European defence.
2. The decision to build an aircraft carrier in a joint industrial project.

(ii) Our commitment to eradicate poverty :

My second example is our joint commitment to eradicate poverty in developing countries. The United Kingdom and France undoubtedly feel responsible for the development of poor countries, particularly Africa. This special interest does not just emanate from our Heads of State but is fully shared by our populations, whose spontaneous solidarity initiatives and charities - such as the recent movement led by Bono - receive full support. Almost every G8 meeting expresses the commitment of our two nations to the developing countries, with a clear focus on Africa since 2004. For instance, France is determined to increase its official development assistance to 0.5% of GDP by 2007 and to 0.7% in 2012. In many development projects France and the United Kingdom go hand to hand. The British proposal to create a new International Financing Facility (IFF) as the vehicle for raising additional funds was

supported by France. Conversely the United Kingdom supported the French initiative for a voluntary contribution on airlines ticket.

This sense of solidarity with developing countries stems primarily from our past but is also rooted in deeper layers of our vision for mankind and man's relationship with the world, going back to the Enlightenment in the 18 century. This explains why both the United Kingdom and France spend considerable time, money and political capital to help reduce poverty and inequality, to promote good governance and to combat AIDS and other diseases, sometimes to the detriment of our industry.

(iii) Our commitment to environment protection;

My third example is the awareness that our environment is endangered and needs to be protected. Both countries are playing a leading role in international discussions from forestry to climate change to hazardous waste. Their influence and energy were critical in including sustainable development in international discussions, first in Rio in 1992 and subsequently in Johannesburg at the World Summit on Sustainable Development. More recently the United Kingdom received full support from France on climate change within the context of the G8.

(iv) Our welfare states.

My fourth example relates to domestic economics, an area in which divergences and tensions between the United Kingdom and France typically prevail. Clearly, we each have our own vision of the balance between state and market, of the roles of competition and public services. But the more fundamental need to address the trade-off between efficiency and fairness, between responsibility and tolerance is not called into question and is represented by the welfare state system. Obviously, the cursor may be placed at different points between fairness and efficiency in our respective countries. I guess this is not something new for LSE experts who have been playing a key role in the establishment of a welfare state in Britain during the last century, providing some of the most famous reference works, such as the

Beveridge report and more recently the watershed “Third Way” by Anthony Giddens.

United Kingdom and France are no exceptions in the European landscape. European values and collective choices have an impact on the EU approach to external trade policy.

1) First, Europe’s long and recent history has taught us a few lessons about hegemony

Europe acts now as a soft power not only by necessity but because it has learned from experience that developing a non-hegemonic global system is a less inefficient way to promote long term economic growth and global stability. This culture of global relations based on global governance and rules with shared responsibility and power explains why Europe is one of the prime advocates of multilateralism, consensus-based decision-making, cultural diversity and human rights. Trade is not an exception. As you know, Europe fought very hard to set up the WTO and to flank it with an effective dispute settlement system . This was certainly not the first choice of many other developed countries. Global rules are also prerequisites to ensure that all countries - even the poorest - have and can use the same rights Global rules protect developing countries. As Lacordaire, a French Dominican of the 19th century used to say: “Between the poor and the rich, the weak and the powerful, liberty enslaves and the law sets free”. Europe firmly believes that developing countries need global rules to reap the benefits of globalization and to be protected from possible attempts by more powerful countries or multinationals trying to negotiate their deals. Accordingly, in trade negotiations, Europe definitely gives priority to multilateral over bilateral agreements. Multilateral agreements deliver much larger economic benefits and permit the global rules needed to ensure fair and equitable trade. In this respect, the abandonment of three of the four Singapore issues was and still is a cruel set back for Europe’s vision of the current round of negotiations.

2) Secondly, Europe is genuinely committed to reducing global poverty .

Without constant pressure from Europe, the current global compact for development - which combines the Millennium Development Goals, the Monterrey Consensus, the DDA and the World Summit for Sustainable Development - would not have emerged. All areas of Europe's external relations policy are concerned by this determination to combat poverty. Europe has a clear leadership in the area of assistance and cooperation. It is the largest international aid donor with 55% of global overseas development assistance, i.e. over \$40 billion in 2004. Recently EU Member States took the historical decision to double development assistance to \$80 billion by 2010. Globalization has undoubtedly created massive wealth but also huge inequalities. GDP in the 30 most developed countries has increased over ten-fold during the last thirty years; yet today more than one billion people are living on less than a dollar a day. Therefore, if trade is part of the problem, trade should be part of the solution. And indeed trade can be a powerful engine for development. In low-income countries, openness to international trade is a key asset for rapid economic growth, as demonstrated by the dazzling growth in China. While in 1990 there were roughly 375 million people living in extreme poverty in China, only 16 million will remain poor in 2015 if the current trends hold. This evolution reflects a wider economic integration process in East Asia, which has lifted more than 400 million people out of poverty. Since 1999, Europe has been pushing very hard to make development the focus of the new round. Europe decisively helped ensure a strong link between market access and rules in the Doha Development Agenda, in order to boost international trade and promote economic growth in poor countries.

3) Thirdly, Europe initiated and mainstreamed the concept of sustainable development in its entire range of policies.

This is understood to mean that both developed and developing economies pursue strategies aimed at non-inflationary growth while preserving environmental resources and promoting social equity. In Europe, the environmental dimension is particularly sensitive, notably because of its physical limitations compared with the United States: lack of physical space, a high population density, and pollution linked to a relatively long history of industrialization. What does sustainable development mean in the context of international trade policy? Essentially, it means that trade liberalisation is not an end in itself. It should simultaneously achieve environmental, social and economic objectives. Sustainable development means making sure that trade policy supports poverty eradication policies, that developing countries can export without unfair barriers and that international trade rules go hand in hand with environmental protection at national, regional and international levels. More concretely, Europe has strongly pushed for the recognition of sustainable development in the DDA (article 6) and to include environmental concerns in the negotiations such as the full liberalisation of environmental goods.

4) Fourthly, Europe believes firmly in a market economy and in welfare state systems.

This means that the state has the duty to strike a balance between gains resulting from competition and social justice. Worldwide, this concern is far from obvious in both developed and developing countries. Globalisation has had a strong impact on our capacity to achieve such a balance. The welfare system is currently challenged by those who think that no regulations should exist beyond the markets and by those who consider it as an obstacle to competitiveness in a globalized world. Apart from economic arguments - and I am here on weaker ground than you are - I would like to stress the political need to reassure citizens that a genuine system allowing a fair share of economic benefits is possible in the context of a globalized world. From France's perspective, this is essential to ensure the political and social acceptability of trade liberalisation. Indeed, the need to liberalise markets is neither obvious nor

consensual as is clearly illustrated by the opposition to globalization. In 2003, a European survey on globalisation showed that while a majority of Europeans is in favour of globalisation, a large fraction of European citizens are worried that globalisation will threaten their standards of living. In France, globalisation fears fuelled the "No" vote during the referendum last May. They reflect the fear that globalisation may affect the power of state to regulate and the future of our national capacity to adopt regulations. These fears also reflected the perceived consequences of trade liberalisation. Many of these fears focus on the visible part of the iceberg – the outward, mainly negative effects such as adjustment and restructuring costs - and fail to analyse what is less obvious – which includes the various opportunities of trade liberalisation: competition, economic growth, innovation, development of new services, better use of natural resources and reduction of poverty. European politicians have to deal with these concerns, which are both genuine and legitimate and design a trade policy that is fully compatible with the European model.

Having tried to identify this common ground on Europe's preferences and how its values can tailor the trade negotiations, , I will now address the question of how Europe can help seize the opportunities created by the trade talks?

II. Can the EU help save private Doha?

1) Context: Where are we, 8 weeks before Hong Kong?

The DDA is halfway there after two major successes - Doha in 2001 and Geneva in 2004 - and one big failure in Cancun in 2003. The round is now in a crucial phase for its completion and as Peter Mandelson said recently, "States should move from stand off to trade off." There is a sense of realism and urgency in this call for momentum since these negotiations, which were initially launched as a four-year round, need to be completed in 2006.

So where are we four years after the launch of the DDA?

Two salient elements:

1. The scope of the DDA has been reduced since its inception and three out of the four Singapore issues have been eliminated.
2. The negotiations are marked by an imbalance in the parties' commitments with respect to the different issues on the table: some negotiation issues have progressed, such as agriculture, trade facilitation but others such as services, development and non-agricultural goods have stalled.

After the framework agreement, discussions failed to reach a momentum until recently, despite the leadership shown by Europe, which made a significant concession on export support. Lack of demonstrated commitment by other developed countries such as the United States until a week ago, and the lack of energy shown by the G20 and G90 contributed certainly to this very slow process until recently.

One of the striking elements of the discussions in recent months was confirmation of the strength of the G20 alliance and its role as a dealmaker in key negotiations. The nature of this heterogeneous group, in which Brazil is pushing for liberalisation of the agricultural markets while India endeavours to maintain some protection, is favourable to moderate and non-radical negotiation positions. The leadership evidenced by G20 countries is clearly one of the key factors of success for the round.

Another lesson of the round so far has been the relatively weak capacity of the US-EU duo to generate real momentum. The dance can no longer be led by this duo and the quartet of US, EU, Brazil and India seems better suited to prepare the ground for broader discussions.

Hong Kong is certainly not the end of the round, but it is definitely a crucial stage. 8 weeks before Hong Kong the clock is ticking and both success and failure are

possible. What is certain is that the level of discussions should be raised to match the ambitions of Member States.

2) *Our objectives*

In order to make Hong Kong a success the momentum needs to be boosted and the need to scale up and speed up discussion is urgent in order to seize the opportunities presented by this year of negotiation. Europe's leadership and influence will be key to ensuring that the negotiations go in the direction of a balanced and ambitious agreement, reflecting the spirit of Doha and Europe's values, i.e. promoting liberalisation of the markets, harnessing globalisation by equitable and fair rules and ensuring the integration of developing countries in world trade.

To do so, Europe needs to show determination in the following areas:

First, the Doha agenda should be about development.

Five years on, progress towards achieving the Millennium Development Goals (MDGs) is falling short of its targets, particularly in Sub-Saharan Africa. The latest Global Monitoring Report by the World Bank and the IMF calls for greater momentum in a number of areas including "realising the development promise of trade". It says that the adoption of an ambitious liberalisation agenda in the WTO Doha Round of trade negotiations would help achieve the goals by 2015. Trade will not be sufficient to pull developing countries out of poverty but it will make an important contribution.

In this respect, the DDA offers opportunities to further integrate developing economies in the world economy, thanks to market-opening and better rules. Too often, trade negotiations are seen as a north-south issue, while developing countries have a lot to win from south-south integration. The examples of Asia and to some extent of Latin America, whose economies are reaping more and more benefits from their integration and intraregional trade, are clear demonstrations of the benefit of

south-south trade. For the poorest countries and for Africa, the problem is indeed less to know how to protect themselves from world trade than to reap benefit from enhanced south-south trade. In this regard, two parameters are very important: one is time and the other is differential treatment. Developing countries should be granted more time for transition and lower tariffs.

In this round, we need quick progress on all issues which are important for developing and least developed countries. The negotiations on special and differentiated treatment for the developing countries have stalled. The situation with regard to cotton has remained unchanged since the Cancun Conference and the issue of eroding tariff preferences has barely been addressed. Finally, the transposition of the 30 August 2003 agreement on poor countries' access to medicine into the TRIPS agreement has yet to be achieved.

Here I think Europe should lead the change and seek real progress in Hong Kong on at least three issues.

1 - Access to medicine has to be facilitated

Every week in the developing world, 200,000 children under five years old die of disease. In Sub-Saharan Africa alone, two million people will die of AIDS this year. The DDA is an opportunity to give a definitive legal framework that would allow the poorest countries which do not have manufacturing capacities to have access to affordable medicine. The EU strongly supports an agreement before or in Hong Kong: it would be a key deliverable, confirming the commitment of the international community to facilitate access to medicine for the poorest.

2 - The problem of cotton market has to be addressed

Today the world's cheapest cotton is produced in West Africa in small-scale farms. Yet these farmers cannot sell their production because the United States, one of the major cotton exporters, subsidises its own production. In the EU, we decided to

include cotton in the reform package of 2003. This means that trade distorting subsidies are no longer used. The DDA is the opportunity to find a sustainable solution to this important issue for Africa. The EU is leading the way and France has been playing a very important role. Obviously, trade is not enough and should not be the sole focus. The French President launched the cotton initiative in order to respond quickly to the needs of African producers. More than €67 million has been earmarked for this purpose.

3 - The issue of erosion of preference should be addressed and least developed countries should be granted duty free access to developed countries

The general dismantlement of tariffs consecutive to the DDA will significantly erode the preferences of the developing countries and the least developed countries. Significant aid should be provided to compensate this lost. The developed world has also to make concrete trade arrangements, such as the multilateralisation of the "Everything but Arms" initiative launched by Europe. The complete opening of the markets of developed countries to the least developed countries and the implementation of a "free round to LDCs" would genuinely respond to the specific needs of these countries. This is another possible deliverable for Hong Kong.

Before closing the development chapter, I would like to stress the need to improve coordination between trade measures and cooperation and assistance. ODA and, in particular, aid for trade is key to making sure that these opportunities can be seized and that constraints can be addressed at local level. While it is not for the WTO to solve the question of aid, discussions at the WTO should seek to facilitate coordination and to promote synergies.

Second, Europe also needs to actively promote sustainable growth and employment at home

The DDA negotiations in services, NAMA and rules can raise the productivity of European businesses by:

- (i) ensuring favourable conditions for European businesses, thanks to a supply of less expensive intermediate goods;
- (ii) adopting trade rules designed to ensure a fair market; this would broaden access to the growing markets of other developed and emerging countries, and so create new markets for our businesses;

This area of the negotiation still suffers from a worrying lack of ambition.

There is little hope of seeing negotiations on industrial tariffs culminate in an ambitious opening up of the markets - especially those of the large developed countries and the large emerging countries - and in actual consolidation of rights. As to services, commitments go no further than the results of the previous round, be it in terms of numbers or quality of offers. The new dynamic which has recently been introduced, may not be enough to inspire a sector in which the Union has major offensive interests.

Finally, the imbalance between market access and the rules is obvious and will be difficult to correct. This applies especially to anti-dumping and indications of geographical origin, both major concerns for the Union.

Yet the gains from trade liberalisation for our economies are huge. Our businesses face high tariffs from emerging countries – for instance, 100% for wine in India, 30% for ceramics in the US, 15% for steel in Brazil - while the average European market tariffs is 4%. The link between growth and employment is obvious. The CEPPI, a French economic institute, estimates that liberalisation in the machine sector alone would generate 525,000 new jobs in Europe. The gains would be even more significant in such service sectors as maritime transportation, distribution, environmental services, construction and financial services. Services account for

70% of our GDP and levels of protection are far higher than for goods, above 50% when expressed in tariff equivalents.

Third, Europe's values should be protected

Finally, Europe believes that trade liberalisation is not an end in itself. Trade liberalisation should respect and preserve collective values or preferences rooted in social needs and collective choice. It is about cultural diversity, safeguard of public services and agriculture. You are certainly aware that France is particularly sensitive on these issues.

The promotion of cultural diversity is part of the collective preferences to which French and European citizens are attached. This is why France and Europe continue to advocate preservation of cultural diversity and why we will continue to demand exclusion of the audiovisual sectors from liberalisation of services. The positive outcome of the UNESCO negotiations on the Convention for Cultural Diversity was strongly backed by Europe. This will make it certainly easier to promote cultural diversity and to limit the emergence of a possible conflict with WTO rules.

Public services should be preserved. The DDA should not prohibit the right to reserve public service activities for public enterprises or entrust them to private monopolies with public service concessions:

I am sure you are eager to hear what I have to say on agriculture, which remains a key issue of these negotiations.

This is not surprising: what is at stake is not the share of agriculture in trade (only 12%) but the day-to-day life of millions of people in the world and both strategic and cultural choices and values in many parts of the world, including Europe.

Among WTO nations, Europe has an important role to play in these agricultural negotiations. It needs to demonstrate that it is possible to develop an agricultural system without damaging the poorest countries.

To do so, we have to speak clearly on three issues:

- 1) Agriculture is not an economic sector like any industrial sector, such as steel or textile:

Agriculture policy is based on strategic choices tied to rural development, food security and the environment. I am sure that some of you have already spent holidays in France and you would be disappointed to see France fully covered with vacant land or trees, as would be the case without agriculture. The point is not to discuss the legitimacy of policy objectives that seek to support agriculture. But we have to ensure that this policy will distort the playing field as little as possible and will not damage the poorest countries.

- 2) Some still seem to believe that European agriculture remains a huge problem but the reality is quite different.

Agriculture is a complex area and we should avoid a simplistic approach. Let me clear up some of the myths being circulated.

- a. *Europe is a closed market for agriculture products.*

Wrong. Europe is the world's largest importer (\$60 bn in 2001). It imports more than the US, Japan, New Zealand, Australia and Canada combined, absorbing 85% of Africa's agricultural export and 45% of Latin America's. Of all industrialised countries; the EU gives by far the highest level of preferential access to developing countries and the average tariff is close to 11% in the case of preferential treatment. Moreover, our "Everything But Arms" initiative gives the 49 poorest countries duty and quota free access.

b. *b. Europe is the champion of trade distorting support.*

Partly wrong. While Europe earmarks a larger budget for supporting agriculture, the sum for each farmer is far lower than in the United States: \$20,000 per farmer in the US and \$14 000 per farmer in the EU.

c. *The agricultural policy of developed countries worsens poverty*

Not necessarily. If developed countries were to eliminate all forms of agricultural support, worldwide prices of agricultural products would increase, sometimes steeply. The DDA could thus generate an 18% increase in wheat prices. This situation would be traumatic to the least developed countries. They are net food importers whose food bill would increase. Furthermore, when it comes to Europe, the CAP reform of 2003 will dramatically reduce trade distorting subsidies, by decoupling support measures from production.

3) Europe is clearly committed to reducing internal subsidies and lowering tariff barriers.

This commitment is not just rhetoric. It is also reflected in the concrete steps taken since 1992, most recently the CAP reform of 2003. The fact that this reform ensures significant leverage in these WTO negotiations does not mean that Europe will surrender to other developed countries or to Cairn countries which would like to use agriculture with a mercantile approach. Europe expects parallel commitments as regards export support and domestic subsidies, in particular from the US and other developed countries. The July 2004 acceptance of the principle of eliminating export subsidies has not helped discipline our partners' subsidy schemes: export credit or food aid.

The exporting countries are exerting strong pressure on market access. This is a particularly delicate subject for the Union, since it affects the "Community preference", which is at the heart of agriculture policy since the foundation of

Europe. The agreement, in July 2005, to use a more flexible version of the tariff reduction formula proposed by G20, is a strong gesture on the part of the European Union.

In this context, Europe in particular must pay attention to the combined effect of export support and tariff reductions which could at some point endanger the CAP. However, this would not be possible under the current EU mandate which stipulates that the CAP is a clear red line not to be crossed.

Clearly, Europe's determination to make this a balanced and ambitious round is important. But it will not be sufficient to ensure the success of Hong Kong. Here I see four key conditions:

1. Other developed countries should really get engaged in agricultural discussions in a constructive and realistic manner. They should reform their agricultural policy with the same degree of ambition as we showed in 2003.
2. Emerging countries should accept differentiation among developing countries: For example Ghana (GDP \$320 per inhabitant) and Brazil (GDP \$3,100 per inhabitant) should be granted different rights and obligations.
3. Developed countries should agree to solve specific issues which are particularly important for developing countries such as the cotton market, medicine, the multilateralisation of the "Everything But Arms" initiative and pledges for the trade for aid package.
4. Emerging countries should agree to open their markets gradually but significantly to European products and services.

3) Tactics and method

I cannot finish without addressing the question of method: how to ensure that Europe will be in the best position to promote its interests its values and its vision of

trade development. This should rely on a clear negotiation tactic, a good coordination between EU Member States and the Commission and an appropriate diplomacy.

The EU should adopt an offensive position

Firstly, I think that Europe has been too long in a defensive position on many issues. This is not the best tactic because our partners are free to take us where they want, when they want: a fear for any soldier.

As Europe wants to succeed with an ambitious and balanced result in Hong Kong, we should avoid bargaining too early in the negotiation process for instance between NAMA and agriculture.

Better coordination between Member States and the negotiators is required

Secondly, carrying a negotiation is like driving a boat. The destination objective has to be clearly identified. Passengers should be comfortably seated and at ease when the pilot changes direction. This is particularly true for tall ship "Europe": trade negotiations raise some important questions linked to fundamental choices: I mentioned development, public services, agriculture, cultural diversity. The EU negotiator, i.e. the Commissioner, has to deal with 25 different Member States with almost 25 ways of approaching problems and 25 priorities. Therefore, the challenge for him is multifaceted: he should stay within the limit of his mandate and has to carefully look into his rear mirror to check that nobody is ill at ease. The only solution to manage this is to set up specific modalities to ensure a sufficient transparency between the negotiator and Member States: This would facilitate the work of the negotiator but also reinforce the weight and the voice of Europe.

Dialogue with WTO members should be deepened

Thirdly, the success of Europe's vision of the round will also depend on the capacity of Europe to share views and to dialogue with other WTO members. Given the pro development orientation of our trade policy, developing countries should be our first choice. We have to better understand their problems, their needs, their expectations. If we had taken more time to dialogue with developing countries in 2003 we would have discovered that cotton was not just a "passade" of some West African countries but a real and deep problem. Indeed, this made Cancun unsuccessful.

The emergence of a solid and long lasting G20 is a key element of the geopolitics of these negotiations since their start in 2001. Their emerging role of dealmaker changes the card deal. Europe should seize this opportunity to seek support from the G20 of Europe's approach of trade negotiations and to share views on the most effective way to open trade while protecting values and collective preferences.

4) Conclusion

The DDA offers real opportunities to further promote political stability, sustainable growth both in the developed and in the developing world. This is certainly not the last round but the next one will not be about tariff but about rules. Rules are far more sensitive socially and politically. The clarification of the stakes that trade opening implies on our policy is certainly an important priority on which academics should work further.

Being here in the LSE, I cannot resist suggesting some directions of work that may help politicians to communicate and to assess future negotiations

- We have to take better care of those who are the losers of globalisation.
Societies are deeply fractured between those who benefit from liberalisation and those who suffer from it: the first one often speaks several languages, uses modern telecommunication tools, are highly skilled, while the second fear competition with China and feel that they will lose their jobs if they have one. In order to better

manage the transitional effect of trade opening we need better tools to anticipate changes, to assess more precisely the effects of liberalisation on our societies. Without such tools, we run the risk of seeing the opposition to globalisation grow further, making any new trade negotiations impossible in the future.

- We have to design new policies and tools enabling us to open our market to stimulate growth while having the certainty that our core domestic choices, our culture and our preferences can be protected. We should never be imposed to import hormone beef or GM Food. As long as European citizens do not have the insurance that global trade does not endanger these fundamental choices, WTO and other rules will be contested and rejected and could lead to a refusal of the entire system.

In these two areas academic work would be extremely useful . The task is challenging. The objective is to reach a balance. To that end, the analysis of the facts is critical. Aristotle used to say "Seeking the truth is both difficult and easy, difficult because you can never reach it, and easy because you can not miss it completely".

I guess that for economists, of a school whose motto is "rerum cognoscere causas" the challenges I raise are just two more.