

Notes to Introduce FMG Brainstorming Session on “How to Address the Subsidies Challenge to the Trading System”

Thursday March 23

My name is John Weekes. As a member of the Friends of Multilateralism Group (FMG), I would like to welcome all of you to today’s brainstorming session dedicated to the topic “How to Address the Subsidies Challenge to the Trading System”. Normally our CEO Xiankun Lu would make the opening remarks, but he is in China on important personal business and has asked me to do so in his stead.

It is clear to us at FMG that subsidies and other equivalent actions by governments have moved to the top of the list of measures that put market access for goods at risk, particularly in the largest markets. The past year has seen enormous sums spent by governments and there is a serious risk that this trend will continue as more and more governments conclude they must intervene to put their own producers on an even footing with those of other nations. In the light of these developments, we concluded that it might be helpful if FMG were to organize, on its own account, a discussion on this important topic. We have spoken with a cross section of government representatives to the WTO who have told us that a discussion on this important matter organized by FMG would be welcome. It may well be that some governments see the value in studying and discussing this topic but would prefer that such discussion be at arm’s length for now. After all, many governments are politically committed to investing in new subsidy programs to help various domestic actors in their economies and might think it incongruous to be considering whether such actions might be harmful.

After today’s session we at FMG will consider whether to organize further brainstorming sessions on subsidies to dig deeper and to focus on subsidies in the sectors of industry, agriculture, fisheries, and services. Of course, on January 26 FMG hosted a discussion on next steps in the fisheries subsidies negotiations. Subsequently a session could examine existing international disciplines on subsidy practices, including in the WTO Agreements. This examination could look at the no-longer in force ASCM provisions in Article 8 which address “non-actionable” subsidies used in

support of research, disadvantaged regions, and adaptation to new environmental requirements.

Hopefully this work organized by FMG will stimulate thinking in governments and elsewhere about whether some form of collective action would be desirable, and what form it might take.

We are most grateful to our four panelists who will speak today. All of them are well known to you and highly respected in the WTO community for their knowledge and abilities. Their biographical information is in the material you received with the invitation to today's event.

Patrick Low, a Vice Chair of FMG and a former Chief Economist of the WTO for over 15 years, will lead off with a presentation on the economic considerations relevant to our topic.

Anabel González, a Deputy Director General of the WTO has vast experience including having served as Minister of Trade of Costa Rica. She will describe the conclusions and recommendations of the joint report on subsidies prepared by the WTO, the IMF, the World Bank, and the OECD.

EU Ambassador João Aguiar Machado has served in several of the most senior positions at the European Commission in Brussels. No stranger to Geneva, he was a member of the EU delegation in Geneva when the WTO came into being.

Pimchanok Vonkorporon Pitfield is the Ambassador and Permanent Representative of Thailand to the WTO. She has had a wealth of experience both in Thailand and abroad dealing with global trade and economic issues. She too has previously served in her country's mission to the WTO.

Our two ambassadors will be free to react to the first two presentations. In addition, it would be useful to hear how they see today's topic and what they think might be done to try to avoid what some have called, a race to the bottom.

To conclude our discussion today we have allocated 40 minutes for you, the audience, to ask questions or make brief observations. When the time comes, please use the chat button to raise your digital hand and I will recognize those wishing to speak in order.

I now invite Patrick to make his presentation.