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TRADE AND DEVELOPMENT BOARD

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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS  
FORTY-NINTH SESSION**

Held at the Palais des Nations  
from 7 to 18 October 2002

Rapporteur: Mr. Mehdi Fakheri (Iran)

Speakers:

Secretary-General of UNCTAD  
Deputy-Director General of WTO  
Egypt for the G77 and China  
Denmark for the EU  
European Community  
Indonesia for the Asian Group  
and China

Barbados for the Latin American  
and Caribbean Group  
Morocco for the African Group  
Japan  
Islamic Republic of Iran  
Bangladesh  
Thailand

**Note for delegations**

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements by individual delegations should be communicated by **Wednesday, 23 October 2002** at the latest, to:

UNCTAD Editorial Section, Room E.8108, Fax No. 907 0056, Tel. No. 907 5656/1066.

### Chapter III

#### REVIEW OF DEVELOPMENTS AND ISSUES IN THE POST-DOHA WORK PROGRAMME OF PARTICULAR CONCERN TO DEVELOPING COUNTRIES

(Agenda item 6)

1. For its consideration of this item, the Board had before it the following documentation:

“Developments and issues in the post-Doha work programme of particular concern to developing countries” (TD/B/49/12).

2. The **Deputy Secretary-General of UNCTAD** recalled that the Commission on Trade in Goods and Services, and Commodities had recommended that “the Trade and Development Board review regularly developments and issues in the post-Doha Work Programme of particular concern to developing countries”. The Board had endorsed this recommendation. He emphasized the main concerns of developing countries with regard to major developments and issues in the post-Doha Work Programme, particularly in the areas of agriculture, non-agricultural products, services, WTO rules, TRIPs, trade and investment, trade and competition policy, S&D treatment, trade, debt and finance, transfer of technology, and implementation issues. He also mentioned the UNCTAD’s work in this regard.

3. The **Deputy-Director General of WTO**, Mr. Kipkorir Aly Azad Rana, said that completing the Doha work programme in a timely and successful manner would be of utmost importance to developing countries. Issues of interest to developing countries included most notably market access and special and differential treatment (S&D). As regards market access, developing countries’ concerns related to better market access for agricultural and non-agricultural products, as well as for services, in which they were competitive in international markets. Many developing countries’ products, including textiles and clothing and electronic equipment, continued to face excessively high tariff barriers (tariff peaks), tariff escalation or non-tariff measures such as sanitary and phytosanitary measures in developed country markets. There was also a need to address domestic policy measures in developed countries that hampered effective access by developing countries to developed country markets, such as domestic and export subsidies. It was worth noting that South-South trade had increased in importance, accounting for some 40 per cent of developing countries’ exports, and this trade could be further expanded by removing tariff barriers. A specific example was the case of Kenya, whose major market was now the COMESA region. As regards S&D treatment, developing countries needed policy flexibility in pursuing national development and in integrating themselves fully into the multilateral trading system in a competitive manner.

4. While the Doha negotiation timeframe was tight in various areas, it was important that developing country members be fully involved in the negotiating exercise in all areas on an informed basis, so that their particular interests could be reflected in the negotiations and at the Fifth WTO Ministerial Conference. The WTO secretariat was committed to a negotiation

process that was transparent and inclusive. In addition, there was an unprecedented commitment on the part of the secretariat to provide technical assistance and capacity building for developing countries. A key priority was to ensure that technical assistance activities were effective, well targeted and coordinated with other international agencies. There was therefore a need for the WTO to work closely with UNCTAD, which had been a reliable and valuable partner in this area. Technical assistance activities should not be confined to the Doha work programme in a narrow sense, but should go beyond that to ensure that the outcome of the negotiations could be properly implemented and that the supply capacity of developing countries was augmented to capture improved market access opportunities. Thus, a long-term strategy needed to be established to address in a truly coherent manner developing countries' human resource constraints and supply-side difficulties in terms of trade infrastructure. UNCTAD, together with WTO, had an important role to play in promoting the trade potential of developing countries so that multilateral trade liberalization served as tool for development.

5. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, stressed the importance of partnership among all participants in the international trading system in overcoming challenges arising from the system. Such partnership should ensure that the system was conducive to the promotion of development and economic growth by creating an enabling environment for supply-side capacity building in developing countries and addressing their lack of appropriate local institutions and capacities. The least developed countries and small economies in particular faced special vulnerability and structural problems that increased the difficulties of integrating into the multilateral trading system. This was recognized in the Doha Ministerial Declaration and the Preamble to the Marrakesh Agreement Establishing the WTO.

6. The Group of 77 and China had shown good will and flexibility in the various stages of WTO negotiations, but progress so far had been disappointing in the key areas of importance to developing countries relating to implementation issues, TRIPS and public health, accession of new members, agriculture, S&D treatment, non-agricultural market access, and textiles and clothing. Although the establishment of the Doha Development Agenda Global Trust Fund was a major achievement, the response by donors and the pace of implementation of technical assistance activities had still to reach its full potential.

7. UNCTAD's role in assisting developing countries in WTO negotiations and work, including in respect of agriculture, services, implementation issues, trade facilitation, e-commerce, and trade negotiations in general, had been substantial. UNCTAD should expand its area of activities where it had a comparative advantage, and donors were encouraged to support UNCTAD's Plan for "Capacity-building and technical cooperation for developing countries, especially LDCs and economies in transition in support of their participation in WTO Doha Work Programme", in parallel with its ongoing programmes. UNCTAD technical assistance work should focus on long-term capacity and institution building, including programmes for "training for trainers". The analytical work of UNCTAD was commendable in such areas as investment, agriculture, transfer of technology and implementation issues, and it should be intensified. Donors were urged to provide the

necessary support to UNCTAD to ensure predictability in its analytical and operational work. The outcomes of a series of development-related conferences, including the United Nations Millennium Summit, the Monterrey International Conference on Financing for Development, and the Johannesburg World Summit on Sustainable Development, needed to be fully implemented and reflected in the trade policy discussion within the framework of the WTO. It was also important that development agencies ensure inclusive regular consultations and coordination to increase the effectiveness of their activities.

8. The representative of **Denmark**, speaking on behalf of the **European Union**, expressed appreciation for efforts by the UNCTAD secretariat to relate UNCTAD activities to the post-Doha process and encouraged the secretariat to further strengthen the focus on this issue that was so important for the promotion of sustainable development. Assistance related to the post-Doha process was focussed primarily on short-term aspects related to the ongoing negotiations, but part of the follow-up also involved long-term assistance in the area of trade in general. These two elements should be interlinked.

9. UNCTAD had a long tradition of providing trade-related assistance. The Doha Ministerial Declaration had also singled out UNCTAD as an organization with a particular role in the field of investment and competition. He appreciated the secretariat's efforts to continue and, to a certain degree, refocus these activities by mainstreaming the Doha Development Agenda into its work where relevant. The work of UNCTAD's intergovernmental machinery also played an important role in the post-Doha process; for example, some of the recent expert meetings had been very useful in addressing issues of relevance to the WTO work.

10. The representative of the **European Community** said that trade had a large potential contribution to make in terms of economic growth, increased revenue and ultimately national development and the reduction of poverty in the world. In this context, he stressed the importance of access to markets in both the North and South; regional cooperation and development of regional markets; transparency and non-discrimination, particularly in the field of rule-making; and workable special and differential treatment provisions conducive to development. Under the Doha "bargain", developing and low-income countries were themselves responsible for defining their national economic, fiscal and social policies; for their part, developed members of the WTO were committed to supporting developing countries in their efforts to integrate trade into their national policies and to providing technical assistance and support for the development of their capacity to trade.

11. In that connection, the European Commission had recently set out its response to the Doha, Monterrey and Johannesburg Conferences in a communication to member States and the European Parliament. The Communication focussed on trade and development and the way in which the European Union intended to assist developing countries. It was the European Union's intention to support developing countries in integrating trade into their national policies, particularly through: (a) intensification of the dialogue on the allocation of funding to trade; from 2003, the European Union would systematically include trade in its mid-term reviews of Country and Regional Strategy Papers; (b) concentration on long-term

commitments to develop national capacities to trade and attract investment step-by-step; (c) a commitment to enhance the effectiveness of the European Union's support through better coordination with its member States and other bilateral and multilateral donors; (d) commitment to the least developed countries through promotion of the Integrated Framework for LDCs and contributions to the Integrated Framework Trust Fund. In this respect, both the member States and the Commission had agreed to assume the role of "facilitator" in at least seven of the 14 countries that benefited from IF support; (e) succeeding the United Kingdom as donor representative on the Integrated Framework's Inter-Agency Working Group, and contributing together with Canada to the further development of the Integrated Framework.

12. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, drew attention to the importance of ensuring that all countries enjoyed the potential gains from a more interdependent world economy. The Doha Ministerial Declaration recognized the need to place the needs and interests of developing countries at the heart of the Work Programme. However, major events in the outside world had affected the negotiations, and in particular the application of various protectionists measures had had an adverse impact on the economic situation in developing countries. The development-related provisions of the Doha Declaration should take concrete shape and the concerns of developing countries should be met prior to the Fifth Ministerial Meeting. Developed countries should indicate clearly what they were prepared to do in their markets in the interest of developing countries.

13. In spite of the rapid integration of many developing countries into the multilateral trading system, the benefits had fallen short of expectations. Not much progress had been achieved under the Doha Work Programme on the issues of particular interest to developing countries; no concrete remedial action had been agreed on implementation issues or with regard to the review of all special and differential treatment provisions in WTO Agreements. Stronger commitments had to be accepted and greater flexibility shown by developed member countries, the existence of different stages of development had to be acknowledged, and obligations should not be imposed on economies that were not able to fulfil them.

14. Development-related issues should be at the core of ongoing substantive negotiations. His Group attached utmost importance to the negotiations on agriculture, where trade-distorting export subsidies and other non-tariff barriers were tolerated at the expense of developing countries. Without a concrete commitment to remove these barriers and ensure that non-trade concerns of developing countries were fully accommodated, the negotiations could not conclude successfully. In the services sector, the developing countries would need to evaluate the impact of requests on their services sectors, as well as to put forward their own requests. There was need for flexibility in mode IV and a concrete capacity building programme to ensure the operationalization of Article IV, as well as the completion of negotiations on Emergency Safeguard Measures. In relation to market access for non-agricultural products, modalities should be agreed to provide for maximum cuts in tariff peaks and tariff escalation affecting developing country exports, and consideration should be given to possible adverse effects on developing countries from preference erosion. His Group also attached great importance to negotiations under the Agreement on Anti-Dumping and on Subsidies and Countervailing Measures.

15. It would be important to provide assistance to developing countries seeking accession to WTO, and accession should be based on terms neither exceeding nor unrelated to commitments of other developing countries and LDCs already members of WTO. UNCTAD could provide assistance in this area, as well as capacity building assistance in the area of international trade policy and development strategy. His Group requested UNCTAD to prepare analytical studies on market access for agricultural and non-agricultural products, in particular textiles and clothing.

16. The representative of **Barbados**, speaking on behalf of the **Latin American and Caribbean Group**, highlighted the need to examine work being carried out in the WTO from the perspective of the development concerns of developing countries. UNCTAD could address the linkages between finance and trade, supply capacity and market access, technology and investment, and competition, but its human and financial resources were very limited, and that negatively affected its assistance programmes. His Group's priority was the need for sustained capacity and institution building initiatives. Assistance provided by the WTO on the legal framework of trade rules was equally valuable. There was thus strong complementarity between UNCTAD's assistance and that offered by the WTO, pointing to the desirability of formulating joint technical assistance activities of the WTO and UNCTAD in the area of trade policies and trade negotiations.

17. There was a clear relationship between trade and economic growth. A true "development agenda" must be a balanced agenda in which concerns of all members were taken into account. Further liberalization should proceed in a manner that yielded clear and concrete results; his Group was against liberalization that was not properly managed and did not take into account the development needs of the developing countries.

18. A principal objective of his Group for future negotiations was to secure improved market access to permit diversification of productive sectors for goods and services of export interest to countries in the region. Other objectives included the need to resolve outstanding implementation issues, including those relating to special and differential treatment, as well as to ensure that work under way on the TRIPS Agreement allowed countries to meet their public health needs effectively. A clear development content should also be given to trade rules that would be part of the single undertaking to be shaped at the end of the process, including for antidumping and subsidies, as well as for rules governing trade in agriculture and in services. With regard to agriculture, there must be reductions in export subsidies and trade-distorting domestic support by countries where these practices continued.

19. In the area of services, Latin American and Caribbean countries were preparing their requests, some of which had already been submitted. The liberalization of the Latin American and Caribbean services sectors had proved more profitable for firms in some developed countries than for those in the region; in some instances anticompetitive practices had distorted the results of liberalization, and in others a lack of appropriate technology had led to the poor performance of local services providers. His Group voiced its concern over whether credit would be given for the autonomous liberalization undertaken by the developing countries within the framework of their national reform policies. Commitments already

undertaken or requested of the countries of the region might conflict with their development needs and in some instances appeared to extend beyond commitments under consideration by developed countries.

20. Asymmetries continued to appear in various proposals being discussed as part of the Doha Work Programme. Such asymmetries would continue to present obstacles in the negotiations because of the inherent failure to support the legitimate aspirations of the developing countries. At the same time, a development agenda must recognize, at a fundamental and a priori level, that developing countries required appropriate flexibility to undertake economic policies consistent with their development needs.

21. The representative of **Morocco**, speaking on behalf of the **African Group**, emphasized that, between Seattle and Doha, the macro-economic situation of African countries had been characterized by the fall of commodity prices in world markets, persistent debt which jeopardized development efforts, weak capabilities to attract FDI, and a rise in poverty. This had been recognized at the recent international conferences, particularly in Monterrey and Johannesburg.

22. African countries hoped that technical assistance and capacity building would enable them to participate more actively in the multilateral trading system in the framework of the development round, as agreed in Doha. In this respect, he commended UNCTAD's post-Doha technical assistance plan; it was clear that the expertise and support of UNCTAD were crucial in the areas of investment, competition, S&D treatment and trade facilitation. African countries considered that the UNCTAD's post-Doha technical assistance programme should, in particular, be focused on key issues of the WTO agenda such as negotiations on services and agriculture; reform of S&D treatment and implementation; Singapore issues; and accessions, particularly those of African countries. In addition, priority attention should be given to strengthening technical capacities of African negotiators.

23. The African Group supported the active involvement of UNCTAD in the technical assistance plans of the WTO. The regional approach should be strengthened by the conduct of training courses, seminars and workshops. Two recent pilot projects involving courses in Nairobi and Casablanca were a good illustration of new directions for responding to the needs of African countries. Special consideration should be given to African LDCs, in particular by reinforcing JITAP, giving more specificity to the Integrated Framework, and implementing accelerated procedures for WTO accessions.

24. The African Group also thought that the establishment of two new WTO working groups on debt and transfer of technology provided an opportunity to expand the post-Doha work programme by including those issues of special importance for African countries.

25. He emphasized the need to provide stable and predictable financing for the implementation of the work programme. At the last pledging conference at the WTO on 11 March 2002, substantial contributions to the Doha Development Fund had been announced.

The African Group expressed gratitude for this and encouraged countries to commit themselves firmly to a genuine development round.

26. The representative of **Japan** noted the role of UNCTAD as the central forum within the UN system for following up the Doha Development Agenda, with particular emphasis on LDCs and African countries. He reiterated Japan's continued support for UNCTAD's efforts to respond to developing countries' needs as part of the follow-up to the Third UN Conference on LDCs. Trade had a far greater impact on economic growth than official development assistance.

27. A number of issues were of particular importance in the post-Doha process. First, improving market access was imperative, and Japan was in the process of expanding the product coverage of tariff-free and quota-free market access for exports from LDCs; the new scheme was expected to enter into force as of 1 April 2003. Second, concerning trade-related technical assistance, Japan had contributed SFr. 1.5 million to the Doha Development Agenda Global Trust Fund, created right after the Doha Ministerial Conference. The Technical Assistance Plan of the WTO would benefit greatly from UNCTAD's active involvement and substantive contributions, especially in the area of "Singapore issues" such as investment and competition. Japan reiterated its readiness to make a financial contribution for the Intensive Training Course for Asia and the Pacific to be implemented jointly by WTO and UNCTAD later in the year. Japan also invited UNCTAD to participate actively in a planned workshop on investment co-organized by WTO and the Japan International Cooperation Agency (JICA) towards the end of the year. His country also attached great importance to special and differential treatment (S&D) for developing countries as an essential tool to help developing countries participate effectively in the multilateral trading system. Japan would continue to participate actively in the on-going debate on S&D in the WTO, with a view to making S&D treatment provisions effective without damaging the integrity of WTO agreements and to accommodate specific difficulties faced by individual developing countries.

28. The representative of the **Islamic Republic of Iran** said that the multilateral trading system was faced with a serious challenge in terms of delivering its promise of development to developing countries. While the Doha Agenda indeed focused on issues of interest to developing and least developed countries, mechanisms would have to be found to ensure that the mandate was implemented effectively. While the WTO Agreements and most recently the Doha Ministerial Declaration emphasized the need to grant special and differential treatment (S&D) to developing and least developed country members, its application had been subjected to the discretion of major trading powers. The S&D treatment provisions of the WTO Agreements should therefore be made mandatory and binding. Other important issues concerned improving market access and eliminating market distortions, especially in the agricultural sector; giving special consideration to the needs of developing countries in the services negotiations, particularly on the movement of natural persons; focusing on implementation of existing agreements and obligations; and providing technical cooperation to improve developing country Members' capacities.

29. On accession issues, the prolonged accession process and the unrealistic accession terms demanded of acceding countries were in contravention of the provisions on special and differential treatment for developing countries and the supposedly non-reciprocal nature of the accession process. He expressed disappointment over the fact that his country's formal application to join the WTO, six years previously, had still not been favourably considered owing to the principle of consensus of the organization. In this regard, he expressed his country's hope that UNCTAD and other relevant organizations would engage more actively in assisting acceding countries to realize their aims of becoming WTO members more quickly.

30. The representative of **Bangladesh** said that, despite assuming the onerous burden of implementing the Uruguay Round Agreements, his country had not received the concomitant benefits expected from the Uruguay Round. At Doha, the WTO members had committed themselves to putting developing countries' needs and interests at the heart of the work programme, frequently referred to as a "development agenda". In this respect, concerted multilateral efforts outside WTO were important to help his country derive benefits from WTO negotiations, and support from UNCTAD was imperative in order to make the Doha Declaration a vehicle for development. UNCTAD could assist developing countries in respect in particular of market access, commodity trade, trade contingency measures, TRIPS and "Singapore issues".

31. In the area of market access for agricultural and non-agricultural products, the presence of tariff peaks, tariff escalation and non-tariff barriers in developed countries continued to impose unfair conditions on developing countries. Despite the progressive phase-out of quotas committed to by developed countries under the Agreement on Textiles and Clothing, Bangladesh found that existing quotas were still hampering its export prospects. Analysis by UNCTAD, for example of factors that impeded market access for products of interest to developing countries, would help developing countries improve their research and analytical capacity for the ongoing negotiations. Concerning exports of primary commodities, world prices had been declining, leading to worsening terms of trade. UNCTAD should review the experience of various commodity agreements and recommend ways to obtain reasonable earnings for primary-commodity-exporting developing countries. Concerning contingency trade measures, UNCTAD should increase its activities to support developing countries, particularly LDCs, in preparing for safeguard actions and anti-dumping measures. As regards intellectual property rights, developing countries including Bangladesh were assuming obligations under the TRIPS Agreement and other international agreements without understanding their full implications, while the promise of transfer of technology as reflected in paragraph 66.2 of the TRIPS Agreement had not been realized. Developing countries needed to build up institutional capacity to contribute to the current negotiations on TRIPS, as well as to expected negotiations on the so-called "Singapore issues", and he urged UNCTAD to continue technical assistance in these areas. Finally, his country faced a serious supply side constraints, and UNCTAD, together with other agencies, had a role to play to launch meaningful supply-side initiatives.

32. The representative of **Thailand** noted the new round's pro-development mandate and highlighted the need for determination and cooperation on the part of all WTO Members to fulfil the development objectives. With regard to trade in goods, substantial improvements of market access for products from developing countries could only be realized through substantial reduction and elimination of tariff and non-tariff barriers, clarification of ambiguous WTO rules, effective implementation of special and differential treatment, and increased technical assistance for capacity-building in negotiations. On trade in services, the principle of progressive liberalization should be pushed forward in the light of the right to phased-in liberalization for less developed country Members. Technical assistance from UNCTAD was also important. A review of the TRIMS Agreement was also needed, as some of its provisions had reduced developing country Members' competitive advantages relative to developed countries. The GATS positive list approach, its development provisions and other safeguards could serve as a good basis for the negotiations on multilateral rules on investment.

33. On trade and competition policy, the importance of an effective competition policy was recognized, and international cooperation and technical assistance were important to further strengthen the competition regimes in developing countries and to support the survival of domestic industries. Special and differential treatment in the application of multilateral competition rules might be necessary owing to the different levels of supply-side capacity and export competitiveness of developing countries. On trade and environment, studies were needed on the relationship between trade agreements and MFAs, along with studies on environment-related provisions of the WTO that gave rise to restrictive trade practices. Finally, he commended UNCTAD's technical cooperation efforts, especially in building capacities for improved negotiating leverage and for the implementation of the WTO Agreements.

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