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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS
FIFTIETH SESSION**

Held at the Palais des Nations
from 6 to 17 October 2003

Rapporteur: Mr. François Leger (France)

Speakers:

Zambia	Morocco
Philippines	Cambodia
Bahrain	Indonesia
United States of America	Islamic republic of Iran
Republic of Korea	Botswana for the ACP Group of States
China	Kenya
Brazil	Russian Federation
Uganda	Malaysia
Jamaica	Nigeria

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, 22 October 2003** at the latest, to:
UNCTAD Editorial Section, Room E.8108, Fax No. 907 0056, Tel. No. 907 5656/1066.

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

(Agenda item 5)

(Continued)

1. The representative of **Zambia** emphasized the need for the Doha Work Programme to address effectively the concerns of developing countries, in particular LDCs, in terms of both the substance and the process of negotiations, given that the core function of WTO was to promote trade and development. It was important to ensure that WTO concentrated on its core function, and left extraneous issues to other international fora that were better placed to deal with such matters, including the United Nations. Development was at the core of the Doha Work Programme, and progress in negotiations on agriculture, cotton, non-agricultural market access and the commodity issue could have boosted exports of developing countries, in particular LDCs. Duty-free and quota-free market access for all LDC exports could be a dynamic instrument of development, and a mechanism was needed to address erosion of preferences. Modalities for special treatment of LDCs needed to be applied effectively in the course of services negotiations. The issue of debt relief was another area where LDCs had wanted substantive progress in Cancún. The issue of debt was all the more important as LDCs were moving towards deeper integration into the multilateral trading system and the global economy. The preparatory process for UNCTAD XI could serve as an appropriate forum for discussing key issues in order to contribute to the successful conclusion of the Doha Work Programme.

2. The representative of the **Philippines** said that the outcome of Cancún was not a setback, but a stocktaking by WTO Members that had brought out the lack of consensus on agriculture, non-agricultural market access negotiations and the Singapore issues. It was important to ascertain WTO Members' willingness to re-engage in the negotiating process, in accordance with the Ministerial Statement adopted at Cancún. Re-engagement should not entail *a priori* conditionality on the procedural basis for discussions. A transparent and all-inclusive process of engagement would ensure that outcomes did not prejudice the position of developing countries, especially LDCs, and were mutually beneficial and balanced. As the negotiations evolved, there was need to integrate special and differential treatment in all areas. Part IV of GATT 1994, the Marrakech Agreement establishing the WTO and several references in the Doha Ministerial Declaration enshrined the centrality of the development dimension in the WTO. Issue-based alliances among developing countries at Cancún had strengthened their negotiating leverage and would change the future dynamics of trade negotiations. The setback at Cancún was unlikely to speed up the vigorous pursuit of regional and bilateral agreements, nor would such arrangements affect the primacy of the WTO. Calls for reforms in the WTO should be treated with caution. UNCTAD's analytical expertise was useful for developing countries in enhancing their understanding of negotiation issues.

3. The representative of **Bahrain** stressed that, at a time when economic development was slowing down, the Doha Work Programme had to be implemented to provide gains for all countries. He emphasized the link between trade negotiations, the financial system and economic development. Bahrain had previously taken part in trade liberalization and other

negotiations and had contributed to their success. UNCTAD continued to play an important role in linking trade and development and in enhancing the international competitiveness of developing countries.

4. The representative of the **United States of America** said the Cancún setback had seriously eroded commitment to successful negotiations under the Doha Work Programme. However, the United States remained fully committed to the multilateral trading system and to the Doha Work Programme, and to putting it back on track. Trade liberalization was a key objective, and it could be promoted at both the multilateral level and bilaterally, buttressed by multilateral rules. The United States would work with the other WTO Members, in a sense of shared responsibility, for a successful outcome. Since WTO Members' interests were quite heterogeneous, they all had to make concessions and establish a compromise to which all could agree. For example, the United States and the European Commission, at the request of many WTO Members, had worked together to find a compromise on agriculture that would have meant greater liberalization, and that compromise was not presented as a take-it-or-leave-it offer. Furthermore, the United States was fully committed to a substantial result in agriculture. Country alliances in WTO negotiations should not be characterized as good or bad; what was important was their effectiveness in achieving results in negotiations. Concerning the secretariat's note, he had some concerns regarding development benchmarks for the Doha Work Programme. Supply-side issues, for example, were not WTO issues. In this regard, at Cancún the World Bank and the International Monetary Fund had announced a welcome initiative on adjustment support for liberalization impact under the Doha Work Programme. Also, the note gave the impression that developing countries were homogenous, but they are not, and WTO rules would have to accommodate developing country concerns in a way that really served their interests. A one-size-fits-all-approach did not exist.

5. The representative of the **Republic of Korea** highlighted the importance of the multilateral approach to trade liberalization in achieving economic growth and development. Trade liberalization had been a major driving force of globalization, and it had fostered economic growth in many countries, including his own. The Doha Work Programme was aimed at multilateral trade liberalization, and it should not be stalled by the setback at Cancún. The bilateral or regional approach to trade liberalization was not a substitute for the multilateral approach. A pragmatic approach was essential in striking a balance among diverse interests of developed and developing countries. In particular, careful consideration should be given to areas where abrupt market opening would incur significant adverse effects for a national economy. The agricultural sector was a case in point where the minimum basis of production and rural viability might be negatively affected by radical reform. Thus, non-trade concerns should be carefully taken into account. UNCTAD could play an active role in revitalizing the multilateral trading system through its analytical work by underscoring the positive gains arising from trade liberalization that could be achieved under the Doha Work Programme. The provision of technical assistance to developing countries aimed at a better understanding of trade negotiations and trade liberalization remained equally important. Closer cooperation between UNCTAD and WTO through the conclusion of the Memorandum of Understanding was welcome.

6. The representative of **China** invited the WTO and UNCTAD to strengthen cooperation in helping developing countries participate more effectively in the multilateral trade talks. Most WTO members were developing countries, and the Doha Work Programme was expected to attain results favourable to developing countries on issues like implementation and special and differential treatment. China was committed to the multilateral trading system and to generating fresh momentum in the ongoing round of trade negotiations. At the same time, the extensive commitments made by newly acceded WTO members, including China, had to be taken fully into account in the negotiations. Priority concerns for developing countries included implementation issues, special and differential treatment, and issues relating to public policy concerns. Technical assistance and capacity building in UNCTAD should be further strengthened to ensure effective participation of developing countries in the Doha Work Programme.

7. The representative of **Brazil** said the outcome of the Cancún WTO Ministerial Meeting represented not a failure, but rather unfinished business. Members had not been able to explore all possible compromises fully in Cancún due to time constraints and the complexity of the issues. Generally, little had been achieved since the launching of the Doha negotiations two years ago, especially since the reform of the EU Common Agricultural Policy was slow and this prevented WTO Members from meeting deadlines agreed upon by the WTO Ministerial Conference in Doha. The United States had played a bold and proactive part in the initial phase of the negotiations, but it had then introduced considerable trade distortions in its farm bill. In addition to the overarching problem of agriculture, other problems, such as insufficient progress on special and differential treatment, the blockage in implementation issues, the cotton crisis in West Africa and the manner in which the Singapore issues were handled, helped alienate developing countries, which had expected to be at the centre of the “development round”. UNCTAD’s work contributed to a better understanding of the Doha Work Programme and complemented rather than duplicated the work of WTO. He called upon Members to make a concerted effort to inject new dynamism into the Doha Work Programme in order to achieve a result worthy of a development round.

8. The representative of **Uganda** highlighted the vital importance of the agriculture sector in general and issues related to cotton and commodities in particular from the perspective of the human development objectives of the African countries. These countries had emphasized the need for a substantial reduction of domestic support, improvements in market access, exemption of LDCs from reduction commitments, and duty-free and quota-free market access. Commodity issues were particularly important, as many African countries depended on a limited number of commodities for their export income and suffered from protracted declines and fluctuations in the prices of primary commodities. Cotton was high on Africa’s negotiating agenda, since a total of 100 million people were involved directly or indirectly in the production of cotton in West and Central Africa. The decline in cotton prices, due to subsidized exports by developed countries, had adversely affected the human development prospects of these populations, as well as government revenue in the countries concerned. It had been estimated that an additional \$US 1.2 billion would flow to African producers if major subsidizing countries eliminated cotton subsidies.

9. UNCTAD's support for African countries to strengthen their capacity to participate in trade negotiations should be enhanced. The "positive agenda" initiative had assisted African countries and LDCs in preparing for WTO Ministerial Conferences, including Cancún. The solid coalitions among ACP/AU/LDC countries at Cancún were the manifestation of the increased capacities of developing countries in trade negotiations. Given the importance of the commodity issue, UNCTAD should provide developing countries with support in revamping the commodity sector. South-South trade cooperation was yet another area where UNCTAD's contribution was significant, as UNCTAD had been acting as the secretariat of and provided support to the participants of the GSTP.

10. The representative of **Jamaica** expressed disappointment at Cancún's failure, but that failure had not been due to developing country inflexibility, nor was it the responsibility of the developing countries to keep the negotiations on track. An array of factors had contributed to the failure in Cancún, including substantive differences on key issues or entire subject areas, as in the case of the "Singapore issues", as well as institutional, procedural and organizational issues. The issue-based coalition that had emerged at Cancún was the result of the changed composition of the WTO and was a response to the complexity and diversity of the agenda. There was the lack of consensus on how the development dimension should be pursued and how differences among developing countries should be treated, with the most obvious problem areas being special and differential treatment, implementation issues, agriculture and non-agricultural market access, and the Singapore issues. UNCTAD's assistance to developing countries would be vital in preparing them to promote their interests in the negotiations and in helping them take advantage of the market access opportunities that resulted. UNCTAD was the focal point in the UN system on issues surrounding trade and development and in providing assistance to developing countries to make trade a tool for development.

11. The representative of **Morocco** said that agriculture was a core issue in the development agenda of the Doha Work Programme, but the progress made was unsatisfactory for developing countries. In addition, issues related to the development dimension of the Work Programme had been questioned by a number of developed countries, indicating a lack of political will to address them. While the developing countries had been focusing on agriculture and wanted the cotton problem to be resolved, attention had shifted to the Singapore issues, which were not the priority consideration for developing countries. At the same time, work on these issues had been going on elsewhere, especially in UNCTAD. The Cancún outcome had come as a real disappointment to developing countries, which felt that they would be the most affected by trade distortions, market access barriers and lack of investment. Establishing priorities would be the first step in resuming negotiations, and every effort should be made to avoid diverting attention to auxiliary issues, for example governance and organizational deficiencies. WTO members had an obligation to resume negotiations with flexibility, realism and commitment in order to achieve what had been set out at Doha. In this critical situation, UNCTAD's role would need to be enhanced in order to promote consensus through its studies and expertise, especially in the areas of agriculture, transparency and the Singapore issues. UNCTAD's role might become central in saving multilateralism. Most importantly, UNCTAD had to provide more assistance to developing

countries in the multilateral trade negotiations, as well as fill the gap in trade-related information and research.

12. The representative of **Cambodia** said his country remained optimistic that WTO Members would ultimately find a convergence of positions on issues hindering free trade and development. Compromise and partnership would be necessary to find balanced trade-offs in the areas of agriculture, cotton, investment and competition. Cambodia had been the first LDC to accede to the WTO under Article XII of the Marrakesh Agreement, and the process had been difficult and complex, particularly with regard to hard demands for commitments. Cambodia had continued to engage in human resource development and the Integrated Framework (IF). Its achievements in strengthening its international trade had been the result of its strong ownership of the related activities. UNCTAD and other agencies were invited to help in designing policies and strategies for development and for expansion of small and medium-size enterprises in LDCs.

13. The representative of **Indonesia** said Cancún had taught that developing countries' concerns had to be taken seriously into account if a successful outcome was to be achieved. The WTO had demonstrated structural imbalance against developing countries and a lack of transparency in its decision-making process. Many developing countries still had difficulties with implementation issues, but were nevertheless facing pressure to negotiate the Singapore issues. Different negotiating capacities should be taken into account, and structural improvements must be made in order to overcome developing countries' handicaps. Developed countries had failed to fulfil their promises in such areas as special and differential treatment. Agriculture was the main preoccupation, and a special agriculture safeguard mechanism for developing countries would provide them with the flexibility to ensure food security. Developed countries were pressing developing countries to open their markets while protecting their own markets and hurting developing countries with subsidies. UNCTAD was best placed to provide technical assistance in the area of trade-related development and in the analysis of trade issues from a development perspective.

14. The representative of the **Islamic Republic of Iran** said that the outcome in Cancún was an indication of the dissatisfaction of developing countries with the progress made in the Doha Work Programme. This was particularly true on issues of great importance for developing countries such as special and differential treatment and agriculture. Furthermore, the collapse of the WTO negotiations had shown the fragility of the multilateral trading system. He invited WTO Members to consider making institutional changes to the WTO, including in respect of the accession process, and he highlighted the difficulties faced by the Islamic Republic of Iran in this regard.

15. The representative of **Botswana**, speaking on behalf of the **ACP Group of States**, said that the ACP Group of States had participated actively in the post-Doha negotiations, setting forth their position on various aspects of the Doha Work Programme and on more general issues such as transparency in WTO decision making. The inability of the WTO members to reach consensus in Cancún had been due to the fact that some WTO members had lost sight of the guiding principles laid down at Doha in terms of advancing development. The ACP Group continued to engage constructively in the negotiations in order to build on

progress made in Cancún. It was important to ensure that, in the implementation of the Doha Work Programme, new imbalances were not created in the international trading system. He recognized UNCTAD's contribution and activities, which had facilitated convergence of views and thereby ultimately strengthened the negotiation positions of developing countries.

16. The representative of **Kenya** stressed that the development promises of Doha were yet to be delivered. A number of deadlines had been missed in areas of interest to developing countries, including implementation-related issues, special and differential treatment, TRIPS and public health, and agriculture. The Decision on paragraph 6 of the Doha Declaration on TRIPS and Public Health needed to be followed up with a permanent solution through the amendment of the TRIPS agreement. The Cancún outcome should therefore be considered as a "wake-up call" to all countries. It was important to achieve substantive progress in negotiations on modalities on agriculture and non-agricultural market access based on the original Doha mandate, instead of the "framework approach" taken before and during the Cancún Conference. Singapore issues had been at the forefront of negotiations at Cancún, but they had to be removed from the negotiating agenda. Process-related issues concerning decision-making processes, internal transparency and organization of ministerial conferences were also important in rebuilding confidence in the multilateral trading system. However, care had to be taken in respect of the proposed institutional reform of WTO, as it might distract attention from the substance of negotiations. UNCTAD had been facilitating participation of African countries in negotiations through its technical cooperation and capacity building activities, and the role of UNCTAD should be reaffirmed and adequate financial support should be provided.

17. The representative of **Jordan** said that the Doha Work Programme had provided an agenda for development, and he hoped that it would be pursued. However, so far the issue of development had not been tackled satisfactorily, and this had led to the result at Cancún, where there had been no positive outcome for any Members. All WTO Members must remain committed to the multilateral trading system and to implementing the development aspects of the Doha Work Programme. Future work should continue on the basis of what had been achieved before and at Cancún. It was important to review all trade distortions and study the implications of the reduction in preferences for developing countries, especially in the light of the single undertaking. The scope and depth of commitments by Jordan as a newly acceded country had to be recognized and flexibility accorded in the negotiations. UNCTAD continued to play an important role in analysing issues related to the multilateral trading system from a development perspective and in assisting developing countries in understanding negotiating issues. Such assistance had to continue, and the donor community should provide the necessary resources.

18. The representative of the **Russian Federation** noted that, two years into the Doha Round, the international trading system was clearly facing challenges that required urgent attention. There was an obvious need to design multilateral trade rules that favoured the growth of international trade, as well as ensuring a more balanced distribution of benefits, and logically the focus should be on development issues. Russia supported an evolutionary rather than a revolutionary approach to trade liberalization. The failure at Cancún should not

be overly dramatized, and a hunt for scapegoats should be avoided. Instead, the focus should be on allowing the negotiations to resume and ensuring the implementation of decisions taken at Doha, probably on the basis of less ambitious time-frames. UNCTAD could contribute substantively to finding more balanced and mutually acceptable solutions to a number of issues involved in the WTO negotiations. The accession of Russia and other countries to the WTO would contribute to achieving genuine universality in the organization. He supported more flexible accession terms and procedures for acceding LDCs, while noting with concern that other acceding countries still often faced excessive demands going beyond the normal rules of the WTO. Accession should not be used as a testing ground for new ideas and approaches that did not enjoy any international consensus.

19. The representative of **Malaysia** emphasized the importance of continued negotiations under the Doha Work Programme and the need to continue post-Cancún work drawing upon the progress achieved so far. Since the Cancún Ministerial Conference had been deemed to be a mid-term review of progress in negotiations under the Doha Work Programme, negotiations should continue despite the setback experienced at the Conference. While considerable political will was required to bring negotiations back on track, post-Cancún work should start where Cancún had left off in such areas as agriculture, non-agricultural market access and the Singapore issues. Developing countries had emphasized the need to address agriculture (both market access and subsidies), cotton, special and differential treatment, implementation-related issues, and the phasing-in of Singapore issues. In particular, the issue of preference erosion and the concerns of recently acceded countries needed to be addressed effectively. The proposed institutional reform of WTO in relation to decision-making procedures should not distract attention from substantive negotiations. During the post-Cancún phase of negotiations, developing countries would need more support from UNCTAD in respect of policy analysis and advice, as well as technical assistance and capacity building.

20. The representative of **Nigeria** said that UNCTAD had an important role to play in addressing issues in the Doha Work Programme and in other areas of trade and development. By putting development at the centre of the current round of multilateral trade negotiations, the Doha Work Programme had held great promise for developing countries, and so the failure at Cancún had been particularly disappointing. In the run-up to Cancún, limited progress had been achieved on some issues of the Doha Work Programme, namely TRIPS and public health, but all deadlines on issues of interest to developing countries had been missed, including those on agriculture, implementation, and special and differential treatment. Cotton was an issue of crucial significance to developing countries, but instead of responding to developing countries in their areas of interest, developed countries wanted to expand the trade agenda further. He stressed Nigeria's commitment to the multilateral trading system, noting that Cancún was not a final destination and that WTO members would need to work together to revive the multilateral trading system.
