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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:

Norway
Nepal
Algeria
Bangladesh
Belarus
Canada
Cuba

United Republic of Tanzania
Venezuela
Mexico
IMF
African Union
Economic Commission for Africa

Note for delegations

This draft report is a provisional text circulated for clearance by delegations.
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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 **Norway** said that, in an increasingly globalized world, coherency in policy formulation and coordination of day-to-day operations between the UN system, including UNCTAD, the Bretton Woods institutions and WTO was of the greatest importance. Joint efforts were also required from these institutions, along with UNDP and bilateral donors, to actively steer development cooperation activities in the direction of promoting trade, investment and private sector development. Norway had increased its trade-related technical assistance over the last couple of years and would continue to be among the major contributors to trade-related technical assistance in UNCTAD, ITC and WTO.

2. The important challenge for the Doha Work Programme was to enable developing countries to benefit fully from a common, global set of rules. All countries had a shared interest in the success of the Doha work programme, and the negative outcome of Cancún was regrettable. Norway remains committed to putting the negotiations back on track, and efforts should be made to address the special needs and challenges facing developing countries.

3. Technical assistance to developing countries should go beyond traditional support on implementation of WTO Agreements and should include infrastructure and institution building and assisting developing countries in coping with possible adjustment difficulties and costs. Targeted and comprehensive technical assistance and capacity building could be provided not only by WTO but also other trade and development organizations, in particular UNCTAD and ITC, in a coordinated and complementary approach. UNCTAD could act as a facilitator for the fuller integration of developing countries into the international trading system. It could assist in consensus building to bring the Doha work programme back on track, and it could also play a constructive role in assisting developing countries participate more fully in global trade negotiations. It had a particular responsibility in the implementation of the Integrated Framework for Trade-related Technical Assistance to LDCs.

4. The representative of **Nepal** stressed that trade and development were important pillars for overall progress, equity and prosperity. Cancún had been intended to inject vigor into the Doha Work Programme, but it had met with a setback. Collective efforts therefore had to be made to take the process forward. Multilateralism should be the key to the international trading system, since it promoted non-discrimination, competitiveness and possibly equity, and there was no better alternative. Interdependence was inevitable in the twenty-first century, and a balanced and inclusive approach would lead to a positive sum game. The guiding principle in trade negotiations should be that trade was not the end in itself, but a means to progress and prosperity. Mutuality of trust and bridge building were important to restart the negotiations in good faith.

5. Nepal and Cambodia were the first two LDCs to accede to the WTO. Nepal's eight year long accession process had been arduous and complex, so the WTO Guidelines adopted in December 2002 to facilitate and accelerate the accession of the LDCs were helpful. However, they could be improved further, for example with a time-bound accession package for LDCs, setting a maximum of three years from the establishment of the Working Party or a maximum of three Working Party meetings, whichever came first, with a realistic adjustment period based on objective criteria for acceding LDCs to assume obligations consistent with their capacity, and with technical assistance and capacity building during the accession process. WTO membership would ultimately make Nepal more competitive and help to expand trade and thus enhance the quality of life of the people. He thanked the UNCTAD secretariat for its support throughout Nepal's accession process.

6. The representative of **Algeria** said he regretted the setback at Cancún. The difficulties faced by the Ministerial Conference had first surfaced in the preparatory process in Geneva, but the developed countries had not ensured progress on issues of particular interest and concern to developing countries, as provided in the Doha Ministerial Declaration. Two years after Doha, the negotiations were paralysed, especially regarding agriculture and the Singapore issues. The Cancún setback might have deeper consequences, namely a crisis in the confidence of developing countries in the ability of the multilateral trading system and the WTO to remove deep-seated trading inequalities and a reaction against developed countries which had not been able to remove protectionist tendencies. Cancún was an opportunity missed by the WTO to demonstrate its genuine commitment to development and to correcting inequalities in international trade, and the deadline for the conclusion of negotiations might now not be met. Efforts should be made to put the negotiations back on track in keeping with the letter and spirit of the Doha Ministerial Declaration. Finally, the process of accession to the WTO posed excessive demands on the acceding developing countries. The accession procedures should be simplified, taking into account the real capacities of acceding countries, particularly the LDCs.

7. The representative of **Bangladesh** said that the Cancún outcome was a setback, but there had been similar experiences in past negotiating rounds and he was optimistic about the way forward. Multilateralism must be upheld, especially in the light of the unprecedented competition from bilateral and regional trade deals, which were far inferior to freer multilateral trade. The Doha Work Programme centred on its development dimension. LDCs had committed themselves fully to the rule-based multilateral trading system and participated in the WTO on the understanding that sufficient flexibility, including in market access, would be given to them to promote development objectives. They assumed the onerous burden of implementing WTO agreements without concomitant benefits, and the question remained as to whether the multilateral system was indeed contributing to poverty alleviation in LDCs.

8. LDCs required duty-free and quota-free market access for their agricultural products, non-agricultural products and services. Preferences were provided by many countries but they needed to be improved in respect of rules of origin, removal of non-tariff barriers, and avoidance of use of safeguards and contingency measures. UNCTAD should intensify its analysis on these issues. The erosion of preferences due to gradual MFN tariff liberalization

neutralized the advantage provided by duty-free treatment, and UNCTAD should assist LDCs with mechanisms that would mitigate the consequences of such erosion. Services supplied through temporary movement of labour was an area of export interest to LDCs, and WTO members had been requested to elaborate an appropriate mechanism for effective access of LDCs' services. UNCTAD should provide advice to LDCs in this regard. LDCs' exports were concentrated in primary products, and UNCTAD should recommend ways to obtain reasonable earnings from such products. UNCTAD also had a role to play in helping LDCs to take advantage of trade opportunities by dealing with supply-side constraints.

9. The representative of **Belarus** said that the accession of Cambodia and Nepal was a positive result in the implementation of the Doha work programme. Given the failure of Cancún, major economic powers should clearly assess the risks involved in delaying WTO negotiations and accession of countries. Offering equal opportunities for all countries to benefit from the multilateral trading system would help secure peace, security and stability in the long term. Belarus had granted non-reciprocal trade preferences to developing countries and LDCs, and it had established the National Centre for Transfer of Technology, which was open to cooperation with all interested countries, including developing countries. One foreign policy priority of Belarus was full and equitable integration into the world economy and multilateral trading system. WTO membership was an important means of demonstrating to investors and trading partners the quality and reliability of a country's foreign trade regime, and early accession to the WTO would contribute to the effective pursuit of economic reforms. Stretching accession negotiations over many years without justification could not be considered as normal, and the WTO accession process should be based on clear rules and specific timeframes. An individual approach was required for each acceding country.

10. The representative of **Canada** agreed on the need to uphold the multilateral trading system and for greater coherency and consistency in the international monetary, financial and trading systems in support of development. The Cancún Ministerial Conference had been a collective setback. There was no point in attributing blame, and the objective now should be to find agreement on how to move forward with the Doha agenda. Globally, the best guarantee of access and fair play lay in clear and predictable multilateral trade rules. The Cancún outcome reaffirmed the need for fundamental agricultural reform and market access in goods and services. Concerning the secretariat's note, development benchmarks warranted further discussion in UNCTAD and the WTO. However, it was for each WTO Member to judge whether or not the outcome of negotiations contributed to its own development, which depended also on a number of factors not directly related to trade negotiations such as peace, security, effective governance and global economic growth, as well as individual country characteristics. Development benchmarks must be based upon credible baseline information and measurable indicators, and UNCTAD could assist in the development of tools for establishing these baselines, benchmarks and indicators.

11. The representative of **Cuba** said that the Doha Work Programme was understood to be a development agenda because, for the first time in the history of the WTO, issues of vital interest to developing countries had been given priority. An appropriate course of action after the WTO Ministerial Conference in Doha would, therefore, have been to work primarily on

finding solutions to the needs and concerns of developing countries. Unfortunately, WTO Members had been unable to make progress on the issues which mattered most to developing countries. Negotiators had lacked the political will to overcome the differences among them on agriculture, market access, special and differential treatment, and implementation issues. This situation, together with the increasing resort to protectionism by major trading partners, as well as the pressure to agree to negotiations on the Singapore issues, had harmed the negotiating process and contributed to the failure of Cancún. WTO Members should work towards giving a real development content to the Doha Work Programme by providing special and differential treatment that took into account the financial and commercial needs of developing countries. Finally, UNCTAD played an important role in supporting developing countries in the area of trade negotiations.

12. The representative of the **United Republic of Tanzania** commended the role of UNCTAD in advancing trade and development opportunities for developing countries, including LDCs. He expressed dissatisfaction with the outcome of the Fifth WTO Ministerial Conference. His country would only feel secure in international trade when the necessary reforms and support measures were put in place in favour of developing countries, especially the LDCs. Success in multilateral negotiations would only be possible when support for a multilateral trading system beneficial to all members including was not only genuine but also demonstrated by concrete action and measures. Tanzania was committed to the multilateral process and was eager to engage in further multilateral trade negotiations. It was actively involved in regional integration in Africa, in wider South-South cooperation, and in the ACP-EU trade negotiations. UNCTAD played an important role in integrating trade and development and capacity building, and it could ensure coordination of efforts to bring convergence and ensure fair trade worldwide. He thanked the donor community for its support for UNCTAD and requested increased financial support to deal with the massive workload required in assisting developing countries, particularly LDCs, under the Doha work Programme.

13. The representative of **Venezuela** emphasized the important work carried out by the UNCTAD secretariat on trade negotiations and development. UNCTAD was a key organization in terms of research, technical cooperation and assistance for developing countries, and in helping developing countries appreciate trade-related matters from a development perspective. It was imperative that UNCTAD be in a position to continue to fulfill its function in the area of trade negotiations and development. In order for this to happen, sufficient funds needed to be made available to UNCTAD.

14. The representative of **Mexico** said that trade was important for economic growth. The seeds for the failure to reach agreement at Cancún had been sown long before the Conference, and the failure should not be seen as due to a lack of transparency in procedures. The causes included: the ambiguity of the Doha mandate on various issues, including the Singapore issues; the different interpretations concerning the development; the opposing stances on issues such as geographical indications; the failure to fulfill mandated deadlines; the delay of the EU in reforming the Common Agricultural Policy; the non-response from developed countries to the Cotton Initiative; and the intransigence of some Members. The

responsibility for the failure of Cancún lay with all Members, as did the duty to bring the negotiations back to the table. The convergences reached at Cancún should be built upon, and any institutional reform of WTO should be delayed until a comprehensive agreement had been reached. Finally, Mexico expressed its support for the work carried out by UNCTAD.

15. The representative of **IMF** expressed support for the Doha work programme, which must have at its core broad-based improvements in market access conditions for agricultural products and a significant reduction in trade-distorting support. The prime responsibility for that lay with developed countries. Developing countries must also lower barriers to trade, especially trade among developing countries. Cancún had been a setback and a disappointment. It should serve as a wake-up call for the international community to return to the negotiating table as soon as possible, with stronger political will to overcome existing obstacles, build confidence and put the Doha work programme back on track. The IMF was committed to assisting countries facing the prospects of challenging adjustment to the impact of multilateral trade reform. At Cancún, the IMF had announced an initiative to tailor IMF support specifically to the concerns of developing countries that multilateral trade agreements might generate temporary balance-of-payments needs caused, for example, by erosion of preferences, the loss of tariff revenue or other factors. Under this proposal, the IMF would be committed to providing financial resources in the context of either new or existing Fund-supported programmes to members facing a near-term net negative impact on the balance of payments as a result of WTO Agreements. The IMF would consult with potential recipient countries and other relevant partners, such as the World Bank, WTO and UNCTAD, on this initiative to refine it for presentation to the IMF Board before the end of the year. It was hoped that this new tool would help dispel apprehension about what the Doha settlement might mean for developing countries.

16. The representative of the **African Union (AU)** highlighted the importance of bringing the Doha Work Programme back on track so as to deliver its development promises successfully. The Doha mandate represented the collective commitment of the international community to reorient the WTO towards development. Which was indispensable for the realization of an “open, equitable, rule-based and non-discriminatory multilateral trading system” as provided for in the Millennium Declaration. African countries had unequivocally reaffirmed their commitment to the multilateral trading system. At Cancún, a “grand alliance” had been formed by the African Union, together with LDCs and the ACP Group of States. The purpose was to help create a multilateral trading system that would take account of its weakest Members, which in turn would also be beneficial for the system as a whole. He thanked the UNCTAD secretariat for its advisory and technical support for African countries, in particular in their preparations for the Cancún Ministerial Conference, and he called for continued close cooperation between UNCTAD and the African Union in the context of the preparatory process for the UNCTAD XI.

17. The representative of the **Economic Commission for Africa (ECA)** said that the lack of consensus at Cancún had been the result of the failure by WTO Members to bridge their fundamental differences. The insistence by some WTO Members to include the Singapore issues and the lack of progress on agriculture, particularly on the removal of cotton subsidies

in OECD countries, had been two particularly alienating issues. The setback could prove costly in terms of meeting deadlines set in the Doha work programme, and the shift towards regional trade arrangements by major developed countries might further undermine multilateral trading system. An important development in Cancún had been the ability of developing countries to build strategic alliances, including the group of twenty-two and the AU/ACP/LDC Group. UNCTAD had been an important player in supporting African countries and should be commended for its collaboration with ECA in trade-related areas. In the post-Cancún phase, African countries would need enhanced technical assistance and capacity building, and UNCTAD and ECA would need to continue playing an active supportive role.
