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TRADE AND DEVELOPMENT BOARD  
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**REVIEW OF DEVELOPMENTS AND ISSUES IN THE POST-DOHA WORK  
PROGRAMME OF PARTICULAR CONCERN TO DEVELOPING COUNTRIES:  
THE OUTCOME OF THE FIFTH WTO MINISTERIAL CONFERENCE**

**Chairperson's summary**

*Role and significance of the multilateral trading system and the Doha Work Programme*

1. The Board considered agenda item 5 in plenary sessions on 8 and 14 October 2003. The keynote address was given by the Secretary-General of UNCTAD. The secretariat's background note (TD/B/50/8) was introduced by the Director of the Division on International Trade in Goods and Services, and Commodities. Forty-seven statements were delivered on the agenda item. The debate is summarized below.

2. It was generally agreed that there is no better alternative than the multilateral trading system (MTS) in promoting the objective set out in the Millennium Declaration of an "open, equitable, rule-based, predictable and non-discriminatory multilateral trading system" in pursuit of development and poverty eradication. All countries are committed to achieving this goal. At the same time, trade and trade negotiations must not be treated as a panacea for the global economy and thereby shift attention from key problems outside the trade field that must be addressed urgently. Trade is not an end in itself but a means to balanced, equitable and sustained development. Development, ultimately, is the best contribution to peace, equity and stability.

3. Emphasis was placed on concerted international political will and effort to address the inherent limitations that developing countries face in the MTS. Indeed, all the major international conferences since the Millennium Summit and G8 meetings have promised to

address the imbalances and inequities in globalization, of which trade is the most visible manifestation. Coherence in policy formulation and coordination between the UN system, including UNCTAD, the Bretton Woods system and the WTO are important for promoting economic growth and development in all nations, given their interdependence.

4. A fair and substantial share of the benefits from global economic prosperity and the MTS has so far failed to accrue to developing countries, notwithstanding that they have undertaken significant liberalization unilaterally, regionally, multilaterally and through structural adjustment programmes. Over the last several years, particularly since the Uruguay Round, developing countries have made a significant contribution to multilateral trade liberalization and rule-making at considerable cost to themselves and are not, therefore, free-riders in any sense of the term.

5. The Doha Ministerial Conference was a milestone in the evolution of the MTS, incorporating an explicit pledge to place development at the heart of the Doha Work Programme (DWP), better serve the needs and interests of developing countries, and provide fairness and a level playing field for them as weaker partners. The opportunity to evolve a development-oriented MTS must not be missed. All countries are stakeholders in the MTS. The developed countries need the MTS as much as the developing countries do. Similarly, the realization of the core agenda of the DWP with development-friendly results is in the shared interest of all countries, developing and developed, and of the MTS and the world economy. Development-friendly arrangements and policies can no longer be defined in abstraction, but need to be addressed through practical, operational and mandatory measures. The development agenda needs to be made a reality, as the issues at stake are vital to developing countries to ensure that the MTS contributes to an inclusive global economic system. Developing countries hold high expectations regarding the development promise of the DWP and have actively participated in negotiations, including by tabling numerous proposals on various issues. They have had not only a defensive agenda but also a positive agenda on trade reform and liberalization, particularly in areas such as agriculture, textiles and Mode 4 of GATS.

6. Multilateral trade norms and disciplines need to support and actively promote development, including by facilitating the implementation by developing countries of national policies that respond to their trade, developmental and financial needs. In this context, some countries stated that 'beyond the border issues' which were integrated into the MTS at the conclusion of the Uruguay Round have eroded policy space for economic decision-making and overloaded the MTS. Some countries noted that, with very few exceptions, today's developed countries practiced and benefited from policies that are now being curtailed for developing countries through the MTS. It was stated that there has to be an acknowledgment that developing countries cannot liberalize at the same speed as developed countries if they are to achieve the potential gains.

#### *Fifth Ministerial Conference: An assessment*

7. The Fifth WTO Ministerial Conference in Cancún, Mexico, in September 2003, was not able to reach a successful outcome. However, many emphasized that Cancun must be

seen in perspective. It was meant to be a mid-term review of the DWP, a stocktaking with the possibility of providing political direction on key issues of the Doha agenda. Since the necessary political compromises were not forthcoming, when specific, time-bound and detailed commitments were called for, there was an impasse. Disappointment was generally expressed with the impasse at Cancún and concerns expressed that the Ministerial Conferences are becoming prone to such setbacks. On the other hand, it was also pointed out that such impasse scenarios have been played out before in the history of the MTS, where failure to reach consensus did not preclude subsequent revival of the negotiations. Trying to apportion blame between developed and developing countries serves little purpose and is misleading, since the priority of the hour is to listen and appreciate the concerns of all and to find multilaterally acceptable solutions.

8. Concern was expressed that the Cancún setback could undermine commitment to multilateralism and play into the hands of protectionist and partisan interests. It could also speed up the vigorous pursuit of unilateralism, bilateralism and regionalism. Other views expressed doubt that multilateralism will be undermined and that regionalism will relegate or replace the primacy of the WTO, since all countries understand its value and utility and need it to serve their own interests. It was also avowed that the choice between multilateralism and regionalism is a false one because the two processes have already been ongoing for some time and are complementary since they mutually reinforce the goal of bringing about liberalization in international trade.

9. With regard to assessing the consequences of Cancún and learning lessons, emphasis was placed on both the process and substance of WTO negotiations.

#### *Process-related issues*

10. Many countries stated that, leading up to and at Cancún, process-related infirmities became rather pronounced. Process-related difficulties included assessments about the timing of issues and their maturity for resolution, procedures relating to keeping and dissemination of records and the preparation and transmission of texts, when and how to reflect alternative views of members, how to select officers, and how to ensure the inclusiveness of the process at all times. Cumulatively, these issues, if not addressed, could affect the long-term effectiveness and vitality of the WTO. There was also a view that it would be better to resolve most matters at the technical level in Geneva instead of relying on last minute compromises and decision-making at the political level in Ministerial meetings, which, with the best of intentions, may not be able to deliver given the short time available and the unwieldiness of the exercise. The Cancún agenda also appeared to have been overloaded with expectations of a result involving a positive sum agreement on all accounts. The linkages, balances, sequencing and perceived costs and benefits were rather too complex to handle. A manageable agenda based on what could be realistically achieved and what the WTO membership felt comfortable with would have been more appropriate. In this light, the time had come to prioritize the negotiating process and separate the issues that make for genuine trade liberalization and deliver development from the rest.

11. It was stated that the WTO negotiating paradigm has changed, with developing countries demanding to be heard and to be taken into confidence before decisions that could have a far-reaching impact on them are taken. In addition, there is a recognition that the MTS is increasingly being perceived as an international public good. Consequently, it has to take into account the interests and concerns of all participants, regardless of their level of development, size or share of world trade.

12. The formation and dynamics of the issue-based alliances, for example the Group of twenty-plus and ACP/AU/LDCs, was a matter of significance, redressing the imbalances in the negotiating leverage of developing countries. They point to a greater assertiveness of developing countries and their groupings within the WTO, which have made their voices heard. Caution was, however, expressed about avoidance of a relapse into North-South rhetoric or confrontation, since North-South relations have become more complex and diverse.

13. Decision-making processes in WTO have become more complex and difficult, not only because of the enlargement of the membership and the scope of the agenda, but also because a large number of democracies participate. Like their developed country counterparts, developing country Governments have to factor in political, social and economic interests and considerations involving their people and constituencies, as well as critical development and survival issues. The more prominent role and interest of both Northern and Southern civil society and private sector organizations, as well as Parliamentarians, have to be seen in this context.

14. A view was expressed that there is need for reform of the decision-making process of the WTO to make it more efficient. It was stated that the WTO follows a rudimentary decision-making process, while it has a very effective enforcement system. This is a possible source of imbalance in the MTS when it relies more on the modern dispute settlement mechanism than on rules to address trade issues. Other views cautioned that an examination of reforms in the WTO would divert attention from real issues facing the MTS, particularly market access and development issues. Yet others encouraged further democratization of the decision-making process of the WTO.

#### *Substantive issues*

15. The seeds of the Cancún setback were sown through missed deadlines, lack of treatment of development issues, unfinished business and imbalances from the Uruguay Round, as well as the slow pace of agricultural reform in developed countries. The lack of a substantive outcome highlighted a lack of consensus on key areas of negotiations, in particular special and differential treatment, implementation issues, agriculture, and non-agriculture market access negotiations. Many expressed the view that the proposed package at Cancún was disappointing in terms of its development content, leaving many to believe that Doha may have been only a rhetorical rather than a substantive promise.

16. Note was taken of some positive developments, including the adoption of the Decision on paragraph 6 of the Doha Declaration on TRIPS and Public Health, the modalities

on special treatment for LDCs in services negotiations, the adoption of guidelines on accession of LDCs, and the acceptance of the accession of the first LDCs to join the WTO since its creation – Cambodia and Nepal.

17. Concerning the post-Cancún phase, it was generally stated that there is need for more work on the key and outstanding issues with a sense of urgency and purpose. Movement towards convergence will require exertion of political will from all parties, renewed cooperation and consensus, constructive engagement and compromise, particularly on those issues where there are divergent views. Cancún should serve as a wake-up call for the international community to build mutual trust and bridge differences to restart negotiations in good faith and in a forward-looking manner. All countries agreed that efforts must be made to put the DWP back on track.

18. In this respect, it is important to concentrate on the Doha mandate and on core issues: a balanced outcome both within and across the spectrum of negotiating areas; the development agenda; inclusiveness, transparency and democracy of negotiating processes, procedures and decision-making so that the views and interest of all are captured in negotiated outcomes; the basics of trade liberalization and the border measures agenda and completion of the unfinished business of the previous rounds, especially in agriculture, textiles and Mode 4 in services; implementation issues; and special and differential treatment. There is need to address the legitimate concerns of developing countries on new and complicated issues on which no consensus exists for new WTO disciplines. There is also need to address coherence and consistency between trade, financial, monetary and technological policies in support of development; taking into account the implications for the multiple issues that operate in the interface of trade, development and globalization such as TRIPS and public health (through an amendment of the TRIPS Agreement to provide a more secure solution), poverty, environment, health, culture, gender, migration, food security and rural development, competition, technology, enterprise, employment and public interest. Several countries emphasized the need for further and more in-depth work on small economies; trade, debt and finance; and trade and transfer of technology.

19. It was stressed that implementation issues and special and differential treatment are particularly significant in enhancing the confidence of developing countries in actively participating in the MTS. These issues should be tackled seriously with priority, greater political will and flexibility.

20. Trade negotiations and the implementation of the results will involve considerable adjustment and social costs for developing countries. There is therefore a need for future negotiations to take this into account and to provide for it in a systematic manner. Synergy and proper sequencing – in the light of the capacities of developing countries, the level of obligations they are to take on, and the costs of implementation – and the adequacy of financial and technical resources available to them have to be ensured. Developing countries should be provided with concrete assistance to build supply capacity and safety nets, help cushion possible erosion of trade preferences and meet adjustment costs. Targeted and comprehensive technical assistance and capacity building are important components of the DWP and the MTS. They need to be stepped up and go beyond traditional technical

cooperation directed at implementing WTO Agreements by providing for, *inter alia*, institution building. UNCTAD is already working actively in this area. An initiative has been launched by the IMF and World Bank to support adjustment by developing countries to address the impact of multilateral trade liberalization, in particular the temporary balance-of-payment needs caused by erosion of preferences and loss of tariff revenue.

21. The special needs of LDCs should be adequately addressed, particularly given their marginalization in world trade, with a reduction in their share of world trade from 3 per cent in the 1960s to 0.4 percent at present. Stress was placed on binding duty-free and quota-free access for products of LDCs, along with improvements in preferential schemes and rules, which should match LDCs' industrial capacity, and the removal of non-tariff barriers and avoidance of safeguard and contingency measures on their products. The need for meaningful supply-side initiatives, including improvements in the quality of infrastructure, was highlighted. It was pointed out that the guidelines for accession of LDCs could be improved further, for example by devising a time-bound accession process (such as a three-year period or three working party meetings), a realistic and sufficient adjustment period based on objective criteria consistent with their capacities, and the provision of predictable technical assistance.

22. Several countries stressed that fundamental reform of agricultural trade could bring important gains for developing countries and developed countries. The elimination of all forms of export subsidies and a substantial reduction in trade-distorting domestic support for agricultural trade would promote development in developing countries and significantly contribute to poverty alleviation. The convergence of positions on the reform of agricultural trade is possible through renewed cooperation and constructive engagement by all parties. In addition, market access must be coupled with effective special and differential treatment, special products, special safeguard mechanisms, specific measures for small economies, food security, rural development and adequate measures for net food-importing developing countries and LDCs.

23. Some stated that the issue of commodities needs to be addressed in the MTS, given that the concrete interests of a large number of poor and small countries are linked to commodities. Many countries attached importance to addressing the Cotton Initiative proposed by some African countries.

24. Services were identified as a growth area for developing countries. Increasing participation of developing countries in trade in services would require implementation of GATS Articles IV and XIX.2, particularly in terms of effective market access in sectors and modes of interest to developing countries. It was pointed out that liberalization of services should be at the time and pace convenient to the country concerned. Concern was expressed about the quality of offers on Mode 4, and the need for commercially meaningful offers was stressed, given the potential gains for all countries.

25. Developing countries expressed support for reduction commitments in non-agricultural market access (NAMA) consistent with their capacities and development objectives, and considered that they should be accorded less than full reciprocity, as provided

in the Doha Ministerial Declaration. They found that the level of ambition on NAMA was too high compared to agriculture. They stressed that sectoral proposals should be on a voluntary basis and that tariff peaks and escalation need to be addressed. It was pointed out that the framework for NAMA should allow a balanced outcome in terms of the reduction or elimination of tariffs and non-tariff barriers.

26. With respect to the Singapore issues, most developing countries indicated that they are not yet convinced of the potential gains to them from WTO disciplines on these issues. In the interest of manageability and prioritization in the DWP, it might be better to concentrate on substantive and core trade issues for the present, and some suggested that it would be timely to drop these issues from the WTO work programme. It was pointed out that some proponents have shown flexibility in terms of removing most of these issues from the WTO agenda and therefore any future consideration of this matter should take this into account. Meanwhile, other organizations, like UNCTAD, could be asked to continue work to build confidence, clarify their development implications and provide for substantive treatment of these issues.

27. It was stated that it is imperative to acknowledge the important contributions and concessions that the newly acceded Members to the WTO have made. The special concerns of these Members need to be addressed effectively in the DWP.

#### *UNCTAD's role*

28. It was generally considered that UNCTAD makes an important contribution to developing countries in terms of their effective participation in the DWP. As the focal point within the United Nations for the integrated treatment of trade and development, UNCTAD can act as a facilitator for the fuller and beneficial integration of developing countries in the MTS and the wider international trading system. It should continue to play such a supportive role through research and policy analysis, intergovernmental consensus building, and technical assistance and capacity generation activities targeted at developing countries. UNCTAD can also provide a forum for consensus building and maturing and ripening of negotiating areas for further treatment in WTO, and in this way contribute to putting the DWP back on track. Equally important is the support provided by UNCTAD to countries in the accession process.

29. The secretariat's background note (TD/B/50/8) was highly commended as providing a concise, insightful, balanced and forward-looking assessment of the state of play relating to the review of the DWP and concerns of developing countries, and it was found to be useful in facilitating the Board's deliberations on this and the outcome of Cancún. Appreciation was expressed by developing countries about the development benchmarks – openness and liberalization, harvesting gains, equal opportunity for unequal partners, striving for a better balance, the public interest, the importance of commodities, coherence, and technical assistance and capacity building. It was stated that the development benchmarks are a useful way to systematically assess progress in assuring development gains from the international trading system in general and from trade negotiations in particular. They can also be important tools and useful themes to raise public awareness on MTS issues from a

development standpoint in a positive and constructive manner and to help build durable consensus thereon. This could be complemented with trackable base-line information on individual country situations, location, size, population, per capita GDP, education, health and other factors. It was suggested that, at its next session, the Board, under this item, could consider the development benchmarks while assessing progress towards the realization of the development agenda in the DWP. Other views expressed cautioned that such benchmarks may not be amenable to being achieved purely in the context of WTO, and that they therefore need to be carefully elaborated with other relevant international organizations, such as IMF and World Bank, and in a way that does not prejudice the outcome of WTO negotiations.

30. It was also stated that UNCTAD should continue to monitor developments in the MTS, work on the development dimension, and assist countries in trade negotiations and in developing their human, institutional and regulatory capacity for mainstreaming development into trade policies. Important work is also carried out by UNCTAD on market access, services, commodities, trade and environment, trade and competition, trade preferences, subregional and regional trade negotiations, and wider South-South trade cooperation, including through the GSTP.

31. Developing countries expressed appreciation to the international community, particularly donor countries and UNDP, for the financial support they have provided to UNCTAD for its trade-related technical assistance activities. UNCTAD's assistance on multilateral trade negotiations and specifically in supporting preparations for Cancún by developing countries, as well as on regional integration, was highly appreciated. Furthermore, given the burgeoning needs for technical assistance and capacity building assistance in developing countries, and in view of UNCTAD's invaluable work and competence in trade and trade negotiations, the international community was called upon to provide greater resources to UNCTAD to enable it to play its trade and development role fully. It was stated that UNCTAD has an important role complementary to that of the WTO in providing technical assistance. UNCTAD has a particular responsibility in the implementation of the Integrated Framework and JITAP.

32. Reference was made by several countries to General Assembly resolutions 57/270 B and 57/250 inviting UNCTAD and the Trade and Development Board to contribute to the implementation and review of progress made in the implementation of the outcomes of major UN Conferences and summits and the High-level Policy Dialogue on the Implementation of the Monterrey Consensus on 30 October 2003. The resolutions have designated UNCTAD and the Board as important institutional stakeholders in UN-wide work on the implementation of the outcomes of Monterrey, Johannesburg and Doha. This mandate increases the direct relationship between the Board and the General Assembly and provides an important opportunity to raise the profile of international trade and trade negotiations in relation to development.

33. It was stated that UNCTAD has a comprehensive development vision. UNCTAD XI should provide the right impetus to enhance this vision and the work of UNCTAD, and contribute positively to reinvigorating the multilateral trading system and providing the right impetus for the beneficial integration of developing countries into the trading system. For



example, it could assist in strengthening the linkages between trade negotiations and supply-side capacity and competitiveness of developing countries, which continue to constitute important bottlenecks for the majority of developing countries.

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