



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B/51/L.8
15 October 2004

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Fifty-first session
Geneva, 4-15 October 2004
Agenda item 6

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

President's Summary

1. The Board considered agenda item 6 in plenary session on 8 October 2004. The opening address was given by the Officer-in-Charge of UNCTAD, and the keynote address was delivered by the Director-General of the World Trade Organization (WTO). The secretariat's background note (TD/B/51/4) and conference room paper (TD/B/51/CRP.1) were introduced by the Director of the Division on International Trade in Goods and Services, and Commodities.
2. Thirty-five statements were delivered on the agenda item by the following: Brazil (on behalf of the Group of 77 and China), EC (on behalf of the European Community), Mexico (on behalf of the Latin American and Caribbean Group), Pakistan (on behalf of the Asian Group and China), Nigeria (on behalf of the African Group), Benin (on behalf of the LDCs), Egypt, India, China, Islamic Republic of Iran, Kenya, Bangladesh, Chile, Philippines, Zambia, United States of America, Argentina, South Africa, Indonesia, Japan, Russian Federation, Mauritius, Jamaica, Cuba, Senegal, Sri Lanka, Republic of Korea, Venezuela, Norway, Belarus, Canada, Switzerland, Ethiopia, Sudan, and UNECE.
3. Most participants expressed appreciation for the secretariat's background note as providing a comprehensive account of development-related issues arising in post-Doha trade negotiations following UNCTAD XI and the July 2004 WTO Framework Decision (July Package). Furthermore, it was noted by many that opening statements by the secretariat had set out certain important issues for discussion and consideration by the Board. They further recognized the Trade and Development Board's contributions towards identifying lessons learnt from Cancún during the Board's previous session under the same agenda item and towards clarifying the development dimension in negotiations. Many also felt that the discussions under agenda item 6 at the present session would help with confidence and

consensus building to advance negotiations on many of the issues contained in the July Package. The debate is summarized below.

A. Progress since Cancún: UNCTAD XI and the WTO July Package

4. The journey from Cancún to São Paulo to Geneva provides a fundamental lesson for trade negotiators, namely that development matters, and as a result, WTO Agreements must address the trade-related development concerns of its Members if a successful conclusion of the current round of multilateral trade negotiations is to be achieved. Negotiators have thus learned that they must adhere to delivering the development promise of the Doha Declaration, not as a sequel to market access and in rules negotiations, but in parallel with them as an integral consideration in liberalization undertakings. While this has proved difficult in the three years since Doha, participants shared the view that it is realistically achievable. Some expect that, while it may not be possible to conclude Doha negotiations by the time of the 6th Ministerial Conference in Hong Kong in 2005, the chances are good for their conclusion by 2006.

5. The Officer-in-Charge of UNCTAD emphasized that UNCTAD endeavours to play an active supportive role in making the development promise of Doha a reality, through technical assistance activities, analytical research work and consensus-building at intergovernmental deliberations.

6. The Director-General of the WTO concurred with the UNCTAD secretariat's view that: "The Decision reaffirms first and foremost the value of multilateralism, re-establishes the viability of the Doha work programme, reconfirms the centrality of development concerns, and recommits WTO Members to fulfilling the development dimension of the Doha work programme. It also reconfirms special and differential treatment as an integral part of WTO Agreements. It helps reduce uncertainty in the multilateral trading system, and calms protectionist fears." He further stated that the Decision provides an excellent launching pad for further work and the conclusion of negotiations in due course. Integrating developing countries into the trading system is one of the foremost challenges facing the WTO today. He cautioned that a great deal of work still remains, and that the coming months will be crucial.

7. As confirmed in the São Paulo Consensus, countries are committed to the multilateral trading system (MTS), and upholding and safeguarding it is a responsibility shared by all. For their part, developing countries emphasized that they have played a very constructive role in putting the Doha round back on track and have shown willingness to find common ground in order to sustain the multilateral trading system. Many developing country participants cautioned that negotiations would not be fruitful without concrete progress in addressing their development concerns and ensuring balance and parallelism, within and between areas under negotiation.

8. Market access and technical assistance play an essential role in assisting countries to build supply capacities and competitiveness in their traditional and emerging areas of comparative advantage and complementarity. Many countries emphasized that the MTS should act to enhance, and not hinder, the ability of developing countries to adopt policies that advance national development objectives.

9. With the growing interdependence of national economies in a globalizing world, some referred to the importance of an appropriate balance between national policy space and international disciplines and commitments. While recognizing the responsibility of each Government to evaluate the trade-off between the benefits of accepting a rule-based and

predictable multilateral trade system and commitments arising therefrom, as well as constraints posed by them, a number of participants stressed the need for overall coherence.

B. The July Package: Key determinants of progress on the development dimension

10. It was recognized that the July Agreement marks the beginning of a new and difficult stage of negotiations that will be more technical and politically challenging. The momentum for negotiations regained in the immediate process leading to the July Package should be maintained and reinvigorated so as to conclude the negotiations successfully.

11. It was emphasized that a major challenge facing WTO Members in the new phase of negotiations is to deliver, through substantive negotiations, the Doha mandate to place the needs and interests of developing countries at the heart of the work programme. Addressing development issues will require purposeful and concerted efforts by all parties to incorporate SDT across the board in all areas of negotiations and to address implementation-related issues and concerns. It will also require finding appropriate solutions to their specific trade and development needs. In this context the point was made that it is necessary to take into account the specific development, financial and trade needs of developing countries, considering that there is no one-size-fits-all trade and development strategy.

12. It was considered particularly important that the MTS be sensitive to the special needs of LDCs. They need to benefit from duty-free and quota-free market access conditions for all products in developed countries and other countries in a position to grant such treatment, as called for in various international accords and exemptions from tariff and subsidy reduction commitments. In addition, the need to address the special development needs of small economies, including small island developing States, which remain highly vulnerable to external shocks, including natural disasters, was also referred to by a number of delegations. Moreover, the special trade-related development needs of landlocked and transit developing countries was underlined.

13. Agriculture is central to negotiations and is particularly relevant to development and poverty reduction. Genuine agricultural reform and liberalization would provide a level playing field and bring gains for agricultural exporting developing countries. The point was made that the full modalities should incorporate operationally effective SDT and take into account, in all three pillars of negotiations, specific development needs such as food security and rural development, including through special products and special safeguard mechanisms. Some delegations considered that special attention should be given to the establishment of mechanisms for net food-importing developing countries to address the adverse impact of terms-of-trade effects.

14. The need to deliver effectively on the commitment to address issues raised by the Sectoral Initiative on Cotton “ambitiously, expeditiously, and specifically” was emphasized by some delegations. The specific trade and development concerns of commodity-dependent countries need to be addressed, as these countries continue to remain marginalized in international trade. Reference was made to the report by the Group of Eminent Persons convened by UNCTAD on behalf of the General Assembly.

15. Given that manufactures account for 75 per cent of developing countries’ exports, non-agricultural market access (NAMA) represents an opportunity to pursue a positive agenda in trade negotiations. It was stressed that a balanced and development-oriented outcome would require further work on the specifics of some of the elements contained in the NAMA framework, including the formula, issues relating to the treatment of unbound tariffs,

flexibilities for developing countries, the issue of participation in the sectoral tariff component, and preferences. It was considered important to find the right formula.

16. There were shared views that adjustment concerns of developing countries affected by preference erosion need to be adequately addressed.

17. The development potential of negotiations on services was widely recognized. It was stressed that the July Package gives a boost to negotiations on services by calling upon WTO Members to submit the revised offers by May 2005.

18. In respect of trade facilitation, while its potential for promoting trade was recognized, concern was raised over its cost implications. It was thus a welcome development that the July Package adopted a new approach to negotiations by relating the financial, administrative and institutional capacities of developing countries, and the cost of implementation, to the adequacy of financial and technical resources made available to them and the level and timing of obligations.

C. Other issues

19. The importance for trade and development of ensuring the full and timely elimination of the quota system in the textile and clothing sector by 1 January 2005 was highlighted by a number of delegations. Restraining countries indicated their commitment to respect the deadline under the Agreement on Textiles and Clothing for the final stage of quota elimination. The adjustment concerns of less competitive LDCs and small economies heavily dependent on textile and clothing exports were raised, as the countries concerned are expected to incur losses. In this connection, the secretariat's conference room paper on "Assuring development gains from the international trading system and trade negotiations: Implications of ATC termination on 31 December 2004" was welcomed by many.

20. The importance of negotiations on WTO rules was stressed. In addition, the need to restrain unilateral measures with extraterritorial effect was also mentioned. It was indicated that negotiations on trade and environment need to further the developmental, environmental and trade interests of developing countries. In respect of TRIPS, attention was drawn to the implications of the prospective expiration of the transition period for product patent protection in some areas such as the pharmaceutical sector, and to the need for a legally enforceable and usable mechanism for ensuring access to medicines.

21. Accelerating WTO accession for all developing countries and transition economies, in particular LDCs, consistent with the WTO General Council guidelines on accession of LDCs, without political impediments and in a manner consistent with their development status was emphasized. Also, the concerns of newly acceded countries need to be adequately addressed in negotiations.

D. Larger universe of the international trading system

22. The significance of RTAs in the international trading system has increased with the proliferation, expansion and deepening of North-North, North-South and South-South agreements, which have become a driving force of the emerging new trade geography. This development points to the importance of securing a positive interface and coherence between RTAs and the MTS, in particular in the context of substantive market access and rule-making negotiations under the Doha Work Programme. While concern was expressed over the behind-the-border development implications of "WTO-plus" North-South agreements, it was noted that such deep commitments should be made conducive to increased trade and investment flows. At the same time, reference was made to a positive experience in North-

South RTAs. The significant progress made in South-South agreements was stressed. It was emphasized that the milestone decision reached in June 2004 to launch the third round of negotiations under the Global System of Trade Preferences among Developing Countries (GSTP) is expected to expand South-South trade on an interregional basis.

E. Role of UNCTAD and the Trade and Development Board

23. The constructive contribution of UNCTAD's consensus building, analytical, and technical cooperation activities to multilateral trade negotiations was universally appreciated by participants. The usefulness of the Board's annual review of developments in the post-Doha Work Programme of particular concern to developing countries was underscored, particularly as it provides a unique opportunity for all Governments to discuss issues outside a formal negotiating setting. UNCTAD's unique and comprehensive mandate to support international trade negotiations was noted. In pointing to the mutually-supportive relationship between UNCTAD and the WTO processes, the two organizations were encouraged to strengthen their cooperation to assist countries derive development gains from multilateral trade agreements.

24. Appreciation was expressed for the unique value to developing countries and countries with economies in transition of UNCTAD's technical assistance and capacity building programmes on international trade and trade negotiations, especially in all key areas of the Doha negotiations and in the context of RTAs. Developing countries thanked donors for their support for UNCTAD's trade-related technical assistance programmes and called on them to increase such support so that UNCTAD can meet the growing demands and needs of developing countries.

*** **