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TRADE AND DEVELOPMENT BOARD

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Agenda item 6

**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS  
FIFTY-SECOND SESSION**

Held at the Palais des Nations  
from 3 to 14 October 2005

Rapporteur: Mr. Levan Lomidze (Georgia)

Speakers:

India	Belarus	Jamaica
Third World Network	Botswana	Kenya
Canada	Islamic Republic of Iran	UN Economic Commission for Africa
Japan	Norway	Nigeria
Indonesia	Sri Lanka	
Bolivia	Mexico	
Russia	El Salvador	

**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 **Tuesday, 18 October 2005** at the latest, to:

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**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 agenda item, the Board had before it the following documentation:

“Review of developments and issues in the post-Doha work programme of particular concern to developing countries: Note by the UNCTAD secretariat” (TD/B/52/8).

2. The representative of **India** said that among developing countries there was a growing sense of a development deficit in the ongoing Doha negotiations. With only a few weeks to go before the sixth WTO Ministerial Conference, it was time to correct the cynicism that had infused the negotiations so that the outcome at Hong Kong was meaningful in terms of development. He referred to several statements by the Director-General of the WTO on the role of trade as an engine of development, on the fact that UNCTAD and WTO were on the same wavelength, and on the opportunity that Hong Kong represented for achieving a more development-oriented MTS. All of these statements were positive signs; however, the development outcomes were scattered across various negotiating areas, and unfortunately the current process did not provide for holistic assessment or monitoring of the progress made in realizing the development dimension of the round. He suggested that in the run-up to the Hong Kong meeting, cross-sectoral discussions were necessary. For the negotiations to be truly to the developmental benefit of developing countries, these countries should get effective market access to developed-country markets in agriculture, NAMA and services, especially for Mode 4, while market access obligations for developing countries should allow for sufficient flexibility and policy space. Concrete progress at Hong Kong was also needed in the following areas: an SDT package for developing countries, duty-free and quota-free access to developed-country markets for LDC exports, and agreements on TRIPS and the public health amendment and on CBD-TRIPS (i.e. agreement on a mandate for negotiations on the issues of disclosure, prior informed consent and equitable benefit sharing).

3. The representative of the **Third World Network** highlighted the fundamental relationship between trade policies and trade rules. Trade policies must be formulated so as to promote development, and trade rules must allow for this. When discussing liberalization, countries often thought of the expanded export opportunities that could be achieved; however, it was crucial to also consider the impact of liberalization on the importing sector. This impact was often damaging and devastating, as had been shown in studies by various academics and NGOs, for agricultural but also industrial products. The development deficit in the Doha work programme was more evident than the development dimension.

4. The representative of **Canada** recognized the complexity of UNCTAD's work and emphasized the need for UNCTAD to focus on its area of expertise – trade and development – and to contribute in a balanced and measured way to deliver value-added results. To achieve this, it was necessary to maximize internal coherence by ensuring that individual programmes were integrated in a mutually reinforcing manner. He reiterated Canada's

commitment to an ambitious outcome for the Doha round and expressed his country's belief that the potential of trade as a development tool lay in realizing fundamental reform of world agricultural trade, significant market access improvements for goods and services, and binding rules for trade facilitation. Opening markets and levelling the playing fields did not automatically lead to sustainable development and poverty reduction. Thus, the global community had a shared responsibility to understand the individual concerns and unique vulnerabilities of developing and least developed countries. UNCTAD could make a valuable contribution to help identify feasible options to address trade-related development challenges. Furthermore, UNCTAD could take a forward-looking approach and start considering post-Hong Kong or post-Doha negotiations strategies for developing countries to adapt to a changing global environment. Aid for trade would be a critical part of the solution to address the supply-side constraints and infrastructural inadequacies of most countries, which would then allow them to fully take advantage of the opportunities that market opening brings. He reiterated Canada's commitment to transparency and the importance for UNCTAD's work of expanding dialogue with NGOs and the private sector.

5. The representative of **Japan** pointed out that the development focus in the Doha round was particularly important in maintaining the faith of the majority of countries in free trade and the MTS. The risk involved in failing to do would be the increased orientation by many countries towards free trade agreements. Thus, developing countries' interests needed to be taken into account as much as possible. He stressed the importance of aid for trade. Japan had pledged to double its assistance to Africa in three years and to increase the amount of ODA to sub-Saharan Africa by US\$10 billion over the next five years. Second, action was needed in areas where it was feasible. Japan was ready to discuss the proposals by LDCs and the African Group on SDT. Third, while differentiation of developing countries was not acceptable to them, those developing countries that could contribute more were not prohibited from doing so. It was commendable that some developing countries had assumed responsibility by engaging in the GSTP negotiations aimed at enhancing South-South trade. Regarding the Hong Kong meeting, tangible results were required in the area of development, and his delegation was ready to discuss items of interest to developing countries in agriculture and flexibility for developing countries under NAMA and in services and trade facilitation. Japan would continue to consider the provision of assistance on cotton upon request. Closer cooperation between the WTO and UNCTAD was indispensable for the success of the Doha round. He called on UNCTAD to further strengthen its activities under the three pillars of its work as the focal point for trade and development in the UN system

6. The representative of **Indonesia** said that the successful conclusion of the Doha development agenda was about ensuring adequate development gains for developing countries. International trade was not an end in itself but a means to achieving economic development objectives, including poverty reduction. Developed countries could contribute by providing greater market access and reducing agriculture subsidies that had hindered developing countries' exports. South-South trade could play a complementary role to North-South trade and could be strengthened through regional trade partnerships. Economic development also required allowing policy space and flexibility in trade liberalization so as to enable developing countries to achieve their development objectives at a pace consistent with

their levels of development. While some developing countries had benefited from a more liberalized trading system, as was suggested by the 2005 *Trade and Development Report*, other developing countries had been further marginalized owing to their supply-side and capacity constraints. Trade liberalization, if not properly managed, could affect food security and rural development. In its work programme, UNCTAD should consider the “aid for trade” initiative and the linkages between market access, supply capacity, competitiveness, policy flexibility and SDT. Among the results of the Doha round should be (regarding agriculture) special products and special safeguard mechanisms, and (regarding NAMA) substantial reduction or elimination of developed countries’ barriers to developing countries’ exports. With regard to services, there had to be a balanced result between market access and rule negotiations, and developing countries should not be pushed to open up their services sector further. UNCTAD’s research and policy analysis work would be vital in enabling developing countries to formulate their positions and negotiating strategies, including on trigger mechanisms for the application of special safeguard mechanisms, NTB and NAMA, so as to derive greater benefits from trade liberalization.

7. The representative of **Bolivia** stressed her country's commitment to successful completion of the DWP. She underlined the importance of having agriculture and SDT reflected in concrete results such as full liberalization of tropical products, in particular all products covered by the drug eradication programme; tariff reductions compatible with the supply capacity of small economies; and full respect for negotiating guidelines and substantive commitments from trading partners, in particular regarding Mode 4. As a small economy, Bolivia expected the outcome of the DWP to adequately address the situation of small economies in areas related to NAMA and trade facilitation. She stressed the crucial importance of UNCTAD for technical assistance and thanked donors for their contribution to implementing projects in developing countries.

8. The representative of **Russia** expressed appreciation for the timely and important opportunity afforded by the Board to deliberate on post-Doha developments and for UNCTAD's assistance to his country. Russia was interested in the outcomes of the negotiations on agriculture, rules and NAMA because about one third of its GNP and more than half of its economic growth were generated through foreign trade. For Russia, an evolutionary (instead of a revolutionary) approach to liberalization of international trade by gradual removal of trade barriers and rejection of protectionism was the more comprehensible. Recently acceded small, low-income transition economies faced huge difficulties in implementing economic and trade policy reforms owing to a very high level of commitments as part of their terms of accession. He called for non-discriminatory accession to WTO taking into account countries' development as well as commitments undertaken by WTO members. It was important for UNCTAD to continue its technical assistance on accession issues. He hoped the outcome of the Hong Kong meeting would be in the spirit of the Doha Declaration and the São Paulo Consensus. The full-fledged participation of Russia in elaboration of ministerial decisions would be of interest to all WTO members. Finally, cooperation between UNCTAD and the WTO should be strengthened.

9. The representative of **Belarus** said that Belarus had been closely following the new round of negotiations and agreed that the successful completion of the Doha negotiations would be a valuable contribution to world economic growth, poverty eradication and development. Belarus also agreed with the UN Secretary-General's observation at the sixtieth session of the General Assembly that the WTO accession process was related to problems for the acceding countries.

10. The representative of **Botswana** expressed disappointment that the "first approximation" checkpoint of July 2005 had not provided the expected results. Agriculture and NAMA remained unresolved, along with other issues of particular concern to developing countries such as development, implementation issues, TRIPS, public health and cotton. He reaffirmed his country's commitment to a fair, transparent, equitable and rules-based MTS with development at its cornerstone. UNCTAD's research and capacity-building work and the implementation of the outcomes of UN conferences such as the Third UN Conference on the LDCs, the Monterrey Consensus on Financing for Development, the World Summit on Sustainable Development, and the World Summit on the Information Society would effectively assist developing countries in their preparations for the ongoing and any future multilateral negotiations and also their integration into the MTS. The workshops, advisory missions and other training events organized by UNCTAD had helped his country and other developing countries to better understand their specific interests and become effective players in the MTS.

11. The representative of the **Islamic Republic of Iran** highlighted the importance of the Doha negotiations, which could theoretically provide leverage for developing and least developed countries to better use trade as a tool to advance development goals. Given the close inter-linkage of these negotiations with global development objectives, any failure in the round could hinder the achievement of the MDGs. He outlined several reasons why a successful outcome of the Doha negotiations was significant: (a) such outcomes were supposed to enhance the participation of developing countries in international trade; (b) agriculture, which played an important role in developing-country economies, had a pivotal role in the negotiations; (c) SDT in concessions and commitments was an integral part of all elements of the negotiations; and (d) there would be gains (broad and specific) for both developed- and developing-country economies. He stressed that a deadlock in the Doha round could lead to open discussions on reform of the WTO and the MTS. A successful round, on the other hand, would open the door to broader, more ambitious goals towards prosperity and stability.

12. The representative of **Norway** stressed the complexity of the WTO negotiations, where interests diverged not only between developed and developing countries but also within the two country groups. Negotiations under the Doha round should take place in the WTO framework. The possible importance of the round for developing South-South trade had been especially emphasized. Norway would do its best to ensure an ambitious and balanced result in the Doha round. UNCTAD, together with other international organizations, should continue to provide trade-related development assistance and to support the Doha

development agenda to achieve a positive outcome for developing countries, in particular LDCs and low-income countries.

13. The representative of **Sri Lanka** highlighted the importance of addressing high tariffs and tariff peaks applied by developed countries to key non-agricultural products of export interest to his country, namely textiles and clothing, in the light of the relatively high average tariffs remaining in the sector and the increased erosion of non-discrimination principle of the WTO as enshrined in the MFN obligation. The proliferation of regional trade agreements and unilateral preferential schemes granted by major developed countries had resulted in MFN duties' becoming rather exceptional and indeed amounting to "least-favoured nation" treatment. Sri Lanka was affected by this phenomenon, since as much as 75 per cent of its exports were destined for developed-country markets, particularly textiles and clothing products, for which relatively higher average tariffs remained. In these markets, they faced competition from other developing countries that often enjoyed preferential duty-free treatment. There was thus a need to achieve a level playing field through the Doha negotiations by reducing and eliminating high tariffs, tariff peaks and non-tariff barriers for products of export interest to developing countries as provided for in the Doha mandate on NAMA negotiations. Some other items of the Doha work programme, while not part of the single undertaking, were equally important to Sri Lanka, particularly the work programme on small economies. Progress here had been unsatisfactory, given that these countries faced unique trade and developmental challenges arising from their smallness. The area needed to be adequately addressed as part of the outcome of the Hong Kong meeting.

14. The representative of **Mexico** said that the Board's discussion was taking place at a very opportune moment, as negotiations must achieve effective results in all the main areas of the DWP in order to assure that an open MTS contributed to development and the fight against poverty. The result of the Doha development agenda should incorporate the development dimension, and the best way of achieving this objective was for development concerns to be incorporated into all the issues under negotiation. It was important to achieve a balanced result on the three pillars of agriculture negotiations. Mexico preferred a Swiss-type formula for NAMA, with binding of all tariff lines, and developing countries should not be forced to participate in any sectoral initiative. Regarding services, there was a need to present improved offers, in particular for Mode 4, and to move forward in rules negotiations, in particular regarding domestic regulation. All of the above would be meaningful only to the extent that the results of the DWP contributed to enhancing the participation of developing countries in international trade. UNCTAD made a positive contribution through the development of capacities in developing countries through its technical assistance activities.

15. The representative of **El Salvador** said that the current exchange of views was timely, relevant and very constructive in the perspective of assuring a balanced outcome for the DWP. For a small economy like El Salvador, a positive outcome and the impact resulting from the DWP should focus on concrete provisions and effective implementation of SDT to bring create sustainable and effective market access for El Salvador's exports of goods and services, in particular with respect to Mode 4. At the same time, such an outcome should result in flexibility and policy space to manage and overcome structural vulnerabilities. To

this end, El Salvador's trading partners should undertake substantive commitments to make effective expected benefits to LDCs and small economies. UNCTAD had made a positive contribution to upgrading the analytical and negotiating capacities of developing countries. Pursuant to the recommendation of this session of the Board, the Secretary-General of UNCTAD should approach UNDP to request funding for technical assistance by UNCTAD to upgrade the negotiating capacities of small Latin American and Caribbean economies.

16. The representative of **Jamaica** said the secretariat's background document was comprehensive and useful as it contained proposals on how to effectively address the development dimension in the current round and some of the essential elements of a realizable development package. Development gains from the MTS responded to fundamental trade concerns of developing countries, and trade negotiations needed to be placed in the broader context of a shared vision of the MDG. Jamaica shared the disappointment of other WTO Members that the objectives and deadlines established for the first approximation of the modalities that would form the basis for full modalities by the sixth WTO Ministerial Conference had not been met. Jamaica's minimum expectation in this negotiation was to obtain a concrete outcome on agricultural market access, NAMA, services, and rule making that took into account development concerns expressed by developing countries, including adequate adjustment periods, and allocation of resources to facilitate and smooth the transition to an even more liberalized environment. Services offers tabled to date by the most important trading partners were dissatisfactory because they did not provide commercially meaningful access in the sectors and sub-sectors of interest to developing countries. Jamaica was also concerned by the initiative of introducing benchmarks that could erode the built-in flexibility afforded to developing countries and the development-friendly nature of the GATS. On development issues, Jamaica therefore did not support the use of these methods in the negotiations. The treatment of small economies should be framed in the single undertaking from the DWP. She called for a successful, balanced and development-oriented outcome. This was a key objective of trade and was at the heart of the Doha mandate. Any evaluation of the development content of the Doha round must take into account SDT. Jamaica was disappointed that the negotiations aimed at making SDT provisions "more precise, effective and operational" had not progressed significantly in the round. Jamaica agreed with UNCTAD's view that a "meaningful outcome on SDT would constitute a direct contribution to the achievement of the MDG".

17. The representative of **Kenya** said that the Doha development agenda had two sets of elements: those that involved negotiations, and those that did not. It was frequently the elements of the first set, in particular agriculture, that drew public attention. However, it was important to look at the broader perspective of the agenda, one that would offer something to all WTO members. At the launch of the Doha development agenda in 2001, there had been particular emphasis on the word "development". Ministers had sought to place the needs and interests of developing countries at the heart of the work programme, noting that developing countries formed the majority of WTO members. Following the important agreements reached in July 2004, the work had entered a new and rather crucial phase. The challenge now was to ensure that the Ministerial Conference provided a platform for the final phase of the agenda in 2006. The sheer size of the agenda for the conference was impressive, and the

time left was short. Governments would have to confront the hard political choices needed for a successful outcome. Agriculture was the centrepiece of the negotiations, and without progress in this area, negotiations on the broader Doha agenda were unlikely to move ahead. Much progress had been made, but a common approach was needed for tackling some harder issues such as export competition, domestic support and market access. Efforts were being made to prepare for fruitful negotiations on services and NAMA. Progress in these areas depended on progress in agriculture. Positive outcomes regarding other issues such as trade facilitation and small economies could substantially affect the economies of many countries. On the issue of TRIPS and public health, the decision of August 2003 was legally binding, and the waivers in place were available to all WTO members. The Hong Kong meeting would play a pivotal role in determining the outcome of the Doha development agenda in 2006. The support of UNCTAD would be very important for the success of the agenda.

18. The representative of the **UN Economic Commission for Africa** expressed appreciation to UNCTAD for the joint work in addressing the challenges facing African countries in the international environment through trade capacity-building initiatives. These challenges included an appreciation of the complex linkages between production inputs and outputs, management of production processes and inventories of inputs and outputs, and careful scrutiny of quality standards. African countries needed to understand the dynamics of the production processes of the modern economy in order to compete effectively in global markets. This learning process would require public-private partnerships and substantial investment in people, institution building and infrastructure. A successful outcome to the Doha negotiations would not by itself end these challenges. African countries would need technical assistance to help them meet these challenges. The role of international agencies after the Doha round would be to mobilize to help African countries.

19. The representative of **Nigeria** said that development was at the center of the DWP and it was necessary to fulfill this mandate for the achievement of the MDGs, as had been called for by major international conferences, including the outcome of the recent UN World Summit as well as the São Paulo Consensus. This mandate remained unfulfilled, and it was necessary to overcome difficulties on the road to Hong Kong, including by giving sustained momentum to the negotiation process so as to ensure a successful outcome in Hong Kong. He agreed with the Note by the secretariat on the essential elements of the development package towards MC6, including enhanced and predictable market access industrial goods, agriculture and services, particularly Mode 4, of interest to developing countries; substantial reduction of trade-distorting domestic support and address market entry barriers; elimination of export subsidies in agriculture; urgent elimination of trade-distorting domestic support for cotton and cotton products; enhancing preferences by improving preferential schemes and improving rules of origin; and the provision of adequate support on trade.

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