



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B/53/L.2/Add.5
3 October 2006

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD

Fifty-third session

Geneva, 27 September – 2 October and 10 October 2006

Agenda item 12

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

Held at the Palais des Nations
from 27 September to 2 October 2006 and 10 October 2006

Rapporteur: Ms. Ana Inés Rocanova (Uruguay)

Agenda item 5 (Post-Doha)

Speakers:

Colombia

Sri Lanka

Azerbaijan

Benin for the LDC Group

Russian Federation

Republic of Moldova

Belarus

Islamic Republic of Iran

United Republic of

Tanzania

African Union

Third World Network

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, 17 October 2006** at the latest, to:

UNCTAD Editorial Section, Room E.8106, fax no. 917 0056, tel. no. 917 1437.

**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 **Colombia** pointed out that her country had taken part actively in the Doha negotiations. However, the reality of the situation was that, as a development round, Doha had in fact brought more problems than benefits for developing countries. One of the questions that needed to be considered was whether two countries could have the same vision of development in the context of a WTO membership of 150 Member States. Yet another question that needed to be considered was how the concept of development would relate to trade negotiations. These questions were relevant, as the term “development” had for a number of developing countries become synonymous with a vision which was likely to be protectionist. This had led to a number of developing countries not making sufficient efforts in the current round of trade negotiations. Developing countries had to catch up with developed countries, but the latter were unable to make concessions merely on the basis of developing country requests, as they had to answer to their own constituencies. Some developing countries were also part of an “invisible” group that did not wish to push the round ahead, as they sought solutions to their own problems within the framework of this development round.

2. The representative of **Sri Lanka** pointed out that the missed deadlines of the Doha negotiations and the suspension of the Doha round had damaged the image of the multilateral trading system. The responsibility to revive the process was now principally in the hands of the G-6 countries. As trade was an important instrument of development strategies, Sri Lanka supported an early conclusion of the Doha negotiations provided that trade liberalization commitments took into account the diversity of interests and different stages of development. Agricultural liberalization was the priority of a large number of members; however, this would be costly for a net food-importing developing country such as Sri Lanka with its large rural population and subsistence farmers. Sri Lanka was seeking adequate flexibilities, particularly in terms of special products and the special safeguard mechanism, while, to the extent possible, preserving agricultural tariffs at their current levels. The NAMA negotiations were of the utmost importance, and MFN tariff reduction should be supported, as the country’s exporters faced very high tariffs and tariff peaks for its major export markets. The concern of preference-receiving countries over possible erosion of preferences was understandable; it was equally important to address the concerns of various developing countries so as to create a win-win situation. The Aid for Trade package now urgently needed to be operationalized.

3. The representative of **Azerbaijan** reiterated his country’s support for the recommendations contained in the highly useful evaluation of UNCTAD’s trade-related technical assistance and capacity-building on accession to the WTO (TD/B/WP/190). Azerbaijan was unequivocally committed to joining the WTO, as membership under the appropriate WTO accession commitments would give a strong impetus to developing the country’s fragile economy and guaranteeing the country’s effective integration into the multilateral trading system. Azerbaijan faced a number of challenges in the WTO accession process: its lack of territorial access to the sea and remoteness from world markets resulted in high trade transaction costs which had a considerable negative impact on the country’s

competitiveness. Furthermore, its dependence on one sector – the energy sector – had rendered it vulnerable, and this was exacerbated by the existence of poverty and unemployment and the presence of refugees. UNCTAD's technical assistance on WTO accession in elaborating and realizing appropriate trade policies and efficiently integrating into the world economic system was highly appreciated. Adopting the "appropriate trade policy" did not mean full protectionism, nor did it mean full and rapid liberalization, which could harm already fragile economies. It meant finding an optimal balance between liberalization and development at each development stage and ensuring that liberalization would not result in the growth of poverty, but that it would on the contrary lead to poverty eradication and economic development. Azerbaijan was fully committed to supporting an open, fair, equitable, rules-based and development-focused multilateral trading system.

4. The representative of **Benin**, speaking on behalf of the **LDCs**, thanked the secretariat for the quality of the background document, and more generally for UNCTAD's work in support of LDCs. LDCs had had high expectations following the launch of the Doha Work Programme and the results achieved before and after the Hong Kong Ministerial Meeting, including the amendment of the TRIPS agreement to facilitate access to essential medicines, and the extension of the transition period for LDCs under the TRIPS agreement. In respect of agriculture, the LDCs welcomed the agreement that export subsidies would be eliminated by 2013; they also welcomed the progress made in the elimination of all forms of export subsidies for cotton and duty-free and quota-free market access for cotton exports originating in LDCs from the start of the implementation period. On development issues, the LDC Group welcomed the principle that Aid for Trade was indispensable as it would allow developing countries to benefit from trade negotiations, without replacing the development gains emerging from a positive conclusion of the Doha round.

5. The reports of the Task Force on Aid for Trade and the Integrated Framework stated that the resources allocated to these programmes should be additional, substantial, sustainable, predictable and provided as grants. The LDCs wished to establish a mechanism to ensure resource mobilization to finance actions planned in the framework of Aid for Trade. While some progress had been achieved, it remained insufficient in view of the level of ambition of the Doha Work Programme. The suspension of the Doha round negotiations would have a highly negative impact on LDC economies, which would also be the biggest victims if the Doha round were to be extended. This was illustrated by the case of African cotton producers, who would continue to face low world prices for cotton. LDCs were also concerned about the implementation of duty-free and quota-free access for products originating in LDCs. The fact that appropriate and relevant recommendations on Aid for Trade had not been adopted and that there had been no effective and immediate implementation of these provisions was a setback. The LDCs were even more frustrated because of the costs they had incurred in participating in the negotiations and the efforts they had made in vain. Negotiations should resume as soon as possible, as a multilateral framework was ideal for developing countries because of its principles of non-discrimination and transparency. LDC priorities remained focused on the granting of special and differential treatment for sectors of importance to developing countries such as agriculture, NAMA and development issues. Greater participation of LDCs in the international trading system would also require facilitating market access through the elimination of subsidies for products that LDCs produced. Efforts should focus on the development of productive capacities, improvements in production, and export diversification. To achieve these objectives, technical assistance from developed countries would be needed; the LDCs therefore called on

donor countries to extend and intensify their technical and financial support for projects and programmes implemented by UNCTAD.

6. The representative of the **Russian Federation** stated that his country had carefully observed the outcomes of the WTO's Hong Kong Ministerial Meeting and had been interested in the outcome of the negotiations on agriculture, rules and non-agricultural market access (NAMA), because about a third of Russia's GNP and more than half of its economic growth were attributable to foreign trade. The recommendations on WTO issues issued by the G8 Summit in St. Petersburg provided the necessary political momentum to the process of negotiations. WTO accession was a priority issue for Russia, and full-fledged WTO participation would be in the interest of all WTO Members. UNCTAD's technical assistance on WTO accession issues was important, and cooperation between UNCTAD and WTO should be strengthened. UNCTAD had an advantage in trade-related technical assistance and was thus a major partner in the Aid for Trade initiative.

7. The representative of the **Republic of Moldova** expressed satisfaction with the quality of the secretariat's background note and extended her deep appreciation to UNCTAD for providing valuable assistance to her country. It was important to have a coherent set of trade and development policies; it was equally important to improve the rules and principles governing international trade to facilitate market access, eliminate production support and export subsidies for products, and introduce principles and mechanisms which took into account the specific situation and needs of landlocked, low-income countries in transition. Continued technical assistance was necessary for Moldova's beneficial and pro-development integration into the international trading system.

8. The representative of **Belarus** stated that the review of developments and outcomes of the Doha negotiations by the Board was timely and contributed to consensus-building in the ongoing trade negotiations. Belarus was following the Doha negotiations closely and agreed with the conclusions in the secretariat's background note that the successful completion of the Doha negotiations would make a valuable contribution to world economic growth, poverty eradication and development. Small low-income transition economies which had recently acceded to the WTO faced huge difficulties in implementing economic and trade policy reforms because of the very high level of commitments they had to undertake as part of their terms of accession. This underscored the importance of non-discriminatory terms of accession to WTO which were commensurate with the level of development of the countries concerned, as well as the commitments that had been undertaken by existing WTO members. Continued assistance by UNCTAD on accession issues was important, as was its support to implement the recommendations in the report on the "Evaluation of UNCTAD'S trade-related technical assistance and capacity-building on accession to the WTO" (TD/B/WP/190).

9. The representative of the **Islamic Republic of Iran** pointed out that, despite five years of negotiations, rules governing the multilateral trading system and trade liberalization had not yet met the promise of the Doha Declaration and the needs of developing countries. The economic growth experienced during this period should not prevent countries from working harder to open up to more trade and to facilitate the efforts of developing countries to increase their share. A consensus had been reached in certain areas, but tangible progress needed to be made in other areas such as cotton or special and differential treatment. Some members had rushed into bilateral or regional trade preferential agreements after the negotiations had been suspended. Under such agreements, some issues of developmental importance, e.g. subsidies, had been left out. The linkages between the Doha Round and the

Millennium Development Goals meant that a resumption of the round was now vital. Goal 8 of the MDGs could only be realized with a successful Doha round. The Hong Kong Ministerial Declaration had reaffirmed the commitment to turn the WTO into a truly global body. In Iran's case, the accession process had been rapid and smooth, and the accession of new countries to WTO could only strengthen the system. On the other hand, the conditions placed on developing countries in the accession process had to be commensurate with their level of development. In this context, UNCTAD should be praised for the major role it played in providing analytical and technical support to developing countries, as well as in the process of accession to WTO and participation in the Doha negotiations.

10. The representative of the **United Republic of Tanzania** highlighted the importance of the assistance provided by UNCTAD to enhance the international economic community's development agenda. The Doha round of negotiations needed to be relaunched. UNCTAD had a responsibility to support developing countries, particularly LDCs. Enhanced financial support to UNCTAD was needed so that it could continue assisting marginalized countries on development issues. Over-reliance on market access alone would not provide the necessary resources for meeting the basic needs of people in developing countries. Agriculture was a means of survival for the majority of the population in developing countries and LDCs; agricultural subsidies in developed countries had led to increased poverty and social insecurity in these countries following the dislocation of the means of production. Some countries had experienced food deficits and consequently imported food and needed foreign currency to do so; however, most of these countries were reliant on the export of commodities whose prices had been falling; commodity markets needed to be revived in order to generate the necessary resources to allow these countries to pay for imports. UNCTAD, together with other organizations, could strengthen support by focusing not only on liberalization but also on trade fairness, including the dismantling of subsidies. The multilateral trading system alone could not integrate developing countries into world trade; appropriate policies were needed to minimize price influences from developed countries, as well as to provide support to poor countries in meeting stringent international standards which could wipe out export opportunities. It was also important to encourage foreign investment to ensure the provision of support to local providers.

11. The representative of the **African Union** expressed the disappointment of African countries over the setback in the Doha negotiations. The negotiations were at risk because of domestic political and electoral considerations and the expiration of the US Trade Promotion Authority in June 2007. African countries hoped that the round could be concluded within the agreed timeframe, as it was critical for Africa's development. The negotiations should be transparent and inclusive to make it possible for African countries to participate effectively; the negotiating mandates of the Doha Work Programme should also be respected and fully implemented. The many constraints faced by African countries meant that they were not in a position to take full advantage of the trade opportunities arising from market access negotiations. The specificities of African countries needed to be addressed through appropriate flexibilities. The Aid for Trade initiative should be expedited in order to build capacities in trade-related infrastructure and improve the competitiveness of African economies. The initiative should also be supported through secure, predictable and additional financial resources. The technical assistance provided by UNCTAD to African countries was appreciated, especially on commodities and experience and data sharing at the regional level in areas such as trade facilitation, sustainable development, biodiversity, services liberalization, and new and dynamic sectors. For Africa's trade and development policies, consistency and coherence between the monetary, financial and trading systems were crucial.

UNCTAD was playing a major role in helping African countries to better understand and formulate sound policies to cope with the complexity of the rules governing the institutions engaged in global economic governance.

12. The representative of the **Third World Network** highlighted the importance of the international trading system providing policy space and urged developing countries to use the space well. The current status of the Doha negotiations was disappointing, particularly as special and differential treatment and development issues had disappeared from the agenda and the development dimension was barely reflected in the discussions on agriculture and NAMA. African experiences in the poultry sector served as a concrete example of the developmental importance of concepts such as special products and special safeguard mechanisms. It was important to ensure the effective implementation of the principle of “less than full reciprocity”, mandated in the Doha Declaration. Existing proposals of developed countries seeking coefficients of 10 for developed countries and 15 for developing countries as part of a Swiss formula did not fulfil this principle. With these coefficients, a developed country with an average industrial tariff of 3 per cent would have to cut that average by only 28 per cent, while a developing country with average tariff of 30 per cent would have to cut that average by 67 per cent. This implied that developed, not developing, countries enjoyed less-than-full reciprocity. The principle required that developing countries should be allowed to cut the average by less than developed countries. Thus, assuming that less-than-full reciprocity implied the level of a cut was two-thirds lower for developing countries than for developed countries, an appropriate level of an average cut for developing countries would be 18.5 per cent, which would translate into a coefficient of 120. The NAMA negotiations should be conducted in terms of the degree of tariff reductions, and then the agreed rates could be translated into coefficients.

* * * * *