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**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 sessions on 6-7 October 2005. It conducted an in-depth review of recent developments in the Doha round from the perspective of the concerns and interests of developing countries. The deliberations were rich and constructive, marked by 51 statements. The opening address by the Secretary-General of UNCTAD was delivered by the Director of the Division on International Trade in Goods and Services, and Commodities (DITC), who also introduced the secretariat's background note (TD/B/52/8). This was followed by an address by the Director-General of the World Trade Organization (WTO). Forty-nine statements were then delivered. The participation of many UNCTAD member States, including at the level of Ambassadors and Heads of Missions, was testimony to the interest in the Doha Work Programme (DWP) and the constructive engagement of all in consensus-building in UNCTAD.

2. Most participants expressed appreciation for the secretariat's background note as providing a comprehensive and balanced analysis of issues of concern to developing countries in the post-Doha trade negotiations since the July 2004 WTO Framework Decision (July Package). The note contains policy suggestions for policy makers and trade negotiators, especially in areas in which consensus is required to realize the development promise of Doha.

3. It was generally agreed that the post-Doha discussions were particularly important and opportune, given that negotiations are intensifying in preparation for the forthcoming

Sixth WTO Ministerial Conference (MC6) in Hong Kong, China. They provided an opportunity to undertake a development audit of the Doha negotiations. Through frank exchanges of views and ideas in a non-negotiating context, the Board helps create understanding and goodwill among countries and contributes to building confidence and consensus on key issues of interest to developing countries and on the development dimension. This is consistent with the unique role of UNCTAD as the focal point in the UN system for the integrated treatment of trade and development.

4. There was universal reiteration of the commitment made in the Millennium Declaration to an open, rule-based, non-discriminatory, predictable and equitable multilateral trading system, supportive of economic growth, development and poverty alleviation. It was also noted that, as established in the São Paulo Consensus, international trade is not an end in itself, but a means to achieving economic development objectives, including poverty reduction. Thus, progress in the multilateral trading system should be inextricably linked to progress in the accomplishment of internationally agreed development goals, including the MDGs, as reiterated by the 2005 World Summit. In this regard, several countries emphasized that economic development requires flexibility in trade liberalization, institutional innovations, investment in human capital and development-oriented infrastructure, universal access to essential services, and supply-side competitiveness so as to enable developing countries to achieve their development objectives at a pace consistent with their levels of development.

5. Reference was made to the World Summit, the Second South Summit, the Third African Union (AU) Conference of Ministers of Trade, the Fourth LDC Trade Ministers' Meeting and the Arab Ministerial Meeting, which set common platforms of their constituencies for MC6, as well as the G8 Summit. It was stressed that trade negotiations need to be placed in a broader context of a shared vision of development and MDG-based international trade policy focusing, *inter alia*, on halving poverty by 2015. The importance of positive engagement by all members in the multilateral trading system (MTS) was underscored. The responsibility of all to contribute to a successful and development-focused outcome of the Doha Work Programme (DWP) and a strengthening of the MTS was highlighted, as the multilateral route offers the best solution to the liberalization and promotion of trade.

6. Participants agreed that the development dimension is and must remain a crucial over-arching theme of the whole Doha negotiation and a key component of each and every negotiating area, and all countries should work hard now to ensure a development-oriented outcome. Participants also attached great importance to dealing effectively with special and differential treatment (SDT) as a cross-cutting issue, as well as in specific areas of negotiations. Many countries highlighted the importance of technical assistance and capacity building to enable developing countries to participate effectively in the negotiations and take advantage of the successful outcome of the Doha round.

A. Post-July Package negotiations and the road towards Hong Kong

7. The DWP has entered a crucial phase. Many participants were convinced that it is possible to reach the necessary agreement to conclude the Doha agenda negotiations successfully before the end of 2006, although it was emphasized that this will require

intensive work and significant progress in the forthcoming weeks. Some participants considered that progress is particularly lacking in respect of the offensive agenda of developing countries. The Sixth WTO Ministerial Conference in Hong Kong, China, from 13 to 18 December 2005 will therefore be not just another checkpoint in the negotiations but the best chance to move the Round to a successful conclusion by the end of 2006. The pivotal need to reach agreement on key substantive issues and details in Geneva prior to MC6 was stressed. Many underscored the need for leadership and commitment from major developed country partners to break the deadlock on key issues. Some cautioned against negative linkages between different negotiating issues and expressed the need for members to search for the middle ground and compromise solutions. The importance of an inclusive and transparent process of negotiations was emphasized. In this context, some participants expressed concern regarding the role of mini-ministerials and small group meetings in which most developing countries are not present.

8. *Development dimension:* It was considered that the key focus needs to be on maximizing the development value of every sector and of the Round as a whole. Many delegations underscored the importance of flexibilities for developing countries. It is important that negotiations reflect the concerns of developing countries adequately and deliver results with the greatest impact on elimination of poverty. Some participants called for a realizable development package, including: (a) improved market access for products or services of export interest to them, in particular agricultural products, labour-intensive manufactures and Mode 4 supply of services; (b) immediate elimination of trade-distorting support for cotton producers in developed countries; (c) timely elimination of export subsidies by a credible end date; (d) increased attention to policy space for policies suited to specific trade and development needs of developing countries; (e) operationally effective SDT in all areas of negotiation; (f) provision of bound duty-free and quota-free market access for all exports of LDCs; and (g) removal of trade-distorting non-tariff barriers (NTBs) and market entry barriers. The view was expressed that the Round's greatest potential development benefits will come through achieving new market access in both developed and developing country markets for products and services of export interest to developing countries. Yet another view was that getting the balance right between benefits and flexibilities is essential to achieving the development potential of the round.

9. A large number of participants expressed the view that the mandated work on the review of SDT provisions needs to be advanced with a view to strengthening these provisions and making them more precise, effective and operational. There is need to deliver on those SDT proposals of substantive value, particularly on the five proposals relating to LDCs, by demonstrating political will. There is also need to re-energize the negotiations on implementation issues. On the issue of differentiation, some participants considered that differentiation among developing countries should not be pursued. Others expressed the view that members need to face up to the economic reality that developing countries are not identical.

10. Many participants stated that there is a need to address the erosion of preferences both within and outside the context of the WTO. While there is no easy answer to this issue, possible approaches include widening and deepening existing preferential schemes and enhancing utilization, adopting simple, flexible and realistic rules of origin adapted to the

industrial profiles of beneficiary countries, while ensuring progress in multilateral liberalization.

11. It was stated that progress in the work programme on small economies is important, as the countries concerned face particular challenges in taking advantage of world trade.

12. Commodity issues remain key to alleviating poverty for a number of developing countries, including sub-Saharan Africa and low-income countries.

13. *Adjustment and aid for trade:* In order to realize the expected benefits of market openings, a “Doha-plus” trade-enabling development cooperation agenda is required. It was suggested that aid for trade initiatives should go beyond compliance or enabling trade negotiations into deeper and sustained capacity building. This should include assistance to developing countries, in particular LDCs, to address supply-side constraints, lack of competitiveness and infrastructural inadequacies; making available special funds for micro-credit and micro-projects in order to diversify LDCs’ production; providing post-ATC adjustment assistance; addressing development aspects of cotton; solving practical trade problems arising from liberalization, implementation and other related shocks; and helping with job creation. It was suggested that an adequate financing facility needs to be built into the MTS ex ante. The endorsement of the Aid for Trade initiative at the recent meeting of the Development Committee of the IMF and the World Bank was noted, and several members drew attention to the need to seek substantial and additional means and resources for aid for trade. UNCTAD should play an important role in the area of aid for trade.

14. *Agriculture:* Participants concurred that agriculture is a key area of the Doha negotiations, and that a meaningful outcome is necessary. It was felt that consideration of concrete figures would serve to move the negotiations forward. There is a need to secure improved market access on products of export interest to developing countries by elaborating an appropriate tariff reduction formula. Substantial reduction of trade-distorting domestic support needs to be ensured while taking account of food security, livelihood and rural development. Export subsidies need to be eliminated by a credible end date, and disciplines elaborated on parallel commitments in food aid, export credits and state trading enterprises. It was also emphasized that it is important to take due account of the concerns of net-food-importing developing countries and LDCs. Effective and meaningful SDT in such areas as special products and the Special Safeguard Mechanism needs to be an integral part of the three pillars.

15. *Cotton:* It was noted that some progress has been made on the development track through development assistance. However, it was considered by some countries that there is a strong need to achieve substantial progress in the negotiations in the trade track encompassing all trade-distorting policies.

16. *NAMA:* It was recognized that all countries have a positive interest in seeking the reduction of tariff peaks and tariff escalation, as well as non-tariff barriers. A major challenge remains to find a formula that is effective, transparent and equitable and incorporates appropriate SDT and less-than-full reciprocity. It was stated that other key issues are treatment of unbound tariffs and flexibility for developing countries. A number of members stated that appropriate policy space is required to prevent unemployment and de-industrialization, address revenue loss and promote nascent industries. In regard to the LDCs,

many participants stressed the importance of bound duty-free and quota-free market access for all their exports, with simplified and realistic rules of origin adapted to their industrial capacities and elimination of other NTBs. As regards the sectoral component, some countries highlighted the need to ensure that participation is voluntary. It was stated that addressing high tariffs and tariff peaks applied by developed countries to key products of export interest to developing countries, particularly textiles and clothing, is important to countries not covered by preferential schemes. Concern was also expressed that textile quotas may be replaced by anti-dumping measures and other NTB measures. Some participants emphasized that a pro-development outcome in NAMA requires that developing countries themselves accept an appropriate level of market access commitments.

17. *Services* are new growth areas for developing countries. It was stated that substantial improvements need to be made in market access in modes and sectors of export interest to developing countries such as tourism, business and professional services, and construction services. Attention was drawn by some members to the need to correct asymmetries resulting from the Uruguay Round through commercially meaningful Mode 4 commitments. The view was expressed that Mode 1 is instrumental in expanding trading opportunities through outsourcing. While recent proposals have been made to adopt a complementary approach by setting “baselines” for negotiations so as to ensure deeper commitments by countries, concern was expressed by many developing countries that such an approach would reverse the logic and spirit of the GATS and the Guidelines for Negotiation, leading to a substantial loss of the built-in flexibilities provided under the GATS. It was emphasized that developmental provisions of GATS Articles IV and XIX, the Guidelines and the LDC modalities should remain the benchmark for the negotiations. There is also a need to progress on rules, domestic regulations and assessment of trade in services.

18. *Trade facilitation*: Many participants underscored the fact that negotiations need to be conducted in full conformity with the Modalities. The need was stressed to ensure synergies and sequencing between the level of commitments, costs, the availability of resources, and the provision of financial and technical resources for capacity building support for developing countries. It was noted that a number of proposals on key issues in trade facilitation are being co-sponsored by developed and developing countries and that this area has the potential for a win-win outcome.

19. *Rules*: Some members highlighted the fact that the negotiations on rules are now embarking on text-based discussions to clarify and improve the relevant WTO agreements. Some developing countries expressed the view that improvement should not result in increased complexity. Negotiations on rules on regional trade agreements (RTAs), including the terms of incorporating SDT, were identified as being particularly important, as a large number of developing countries are currently negotiating RTAs with developed countries.

20. *TRIPS*: It was stated that an expeditious permanent solution involving amendment of the TRIPS Agreement to incorporate the August 2003 Decision on TRIPS and Public Health needs to be established by the time of the MC6. The view was also expressed that there is need to ensure a mutually supportive relationship between the Convention on Biological Diversity (CBD) and the TRIPS, including on issues of disclosure of genetic resources, prior informed consent and equitable benefit sharing.

21. *WTO accession*: Several acceding countries drew attention to particular challenges they face in the process of accession such as deep and onerous market access and other commitments that may have developmental implications. It was stressed by them that there

is need to ensure that commitments should be consistent with their levels of development. Concrete consideration should also be given to the concerns of newly acceded countries.

B. RTAs and South-South trade cooperation

22. Some members called for coherence between development objectives of developing countries on the one hand and objectives in bilateral, regional and multilateral trade negotiations on the other. It is important to ensure that principles such as SDT are not eroded in the pursuit of other initiatives. UNCTAD policy work in this area is a useful tool in ensuring coherence. Many members emphasized the need for strengthened South-South cooperation, which provides the possibility of substantially increasing trade among developing countries. The ongoing GSTP negotiations in UNCTAD will lend further impetus to South-South trade, and also strengthen the MTS.

C. Role of UNCTAD and the Trade and Development Board

23. There was recognition that UNCTAD can and should play a role in bringing the Doha negotiations to a timely and development-focused conclusion. As the focal point in the UN system for the integrated treatment of trade and development and related issues, UNCTAD has a unique and comprehensive mandate to support international trade negotiations through its three pillars of work. The deliberations of the Board were reaffirmed as being of unique value in fostering understanding and consensus on key trade negotiating issues of importance to developing countries. Appreciation was expressed for the valuable analytical, technical assistance and capacity building activities for all trade negotiations provided by UNCTAD. Its continuous assessment of the Doha round serves as a useful guide to the negotiations and a development audit of related policy options. The assessment of gains from the round, market access, adjustment, SDT, preference erosion, rules of origin, aid for trade, NTBs, and coherence between the MTS and RTAs were identified as possible areas of further work. UNCTAD should continue to provide support to developing countries in the formulation of specific proposals on development-related and SDT issues on an ongoing basis. UNCTAD's technical cooperation and capacity building in trade negotiations and commercial diplomacy have had a sustained impact in beneficiary countries in building human, institutional, trade policy, and regulatory capacities of developing countries. Special reference was made to UNCTAD's support for the expert and ministerial meetings of LDCs, the AU and Arab States in preparation for MC6, and in connection with WTO accession, trade in services and JITAP. The generous contributions of donors to UNCTAD's trade and trade negotiation activities were appreciated, and donors were encouraged to continue and increase such support.

24. UNCTAD and the WTO have complementary roles. UNCTAD's continued cooperation with the WTO and other relevant international institutions was stressed, particularly because part of the challenge of fulfilling the development dimension of the DWP lies outside the WTO.

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