



WTO MC-10 Outcomes

Reflections from

Bangladesh Perspective

Presentation by
Mustafizur Rahman
Executive Director, CPD

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1. Backdrop of MC-10

Growing Importance of Trade Issues for LDCs and Bangladesh

- Trade is becoming increasingly important for the LDCs: employment and income generation, foreign exchange earnings, poverty alleviation, industrialisation; overall economic development
- Degree of openness of Bangladesh economy – share of export and import in Bangladesh's GDP – has been on the rise over the past years
 - FY1991: 16.8%
 - FY2001: 33.4%
 - FY2015: 39.2%
- In FY1991 Bangladesh's export of Goods and Services: ODI ratio was 1:1
- In FY2015 export of Goods and Services: ODA ratio was 15:1
- In view of the above, global trading scenario, market access in goods and services, rules, trade-related support – are gaining increasing importance for Bangladesh
- A rule-based multilateral trading system is good for weaker economies
- WTO, and WTO negotiations, are thus, of critical importance for Bangladesh

WTO Members: 162+2 (Afghanistan and Liberia)

LDC Members: 34+1 (Afghanistan)

Total LDCs: 48

Recent Global Commitments to make WTO work towards Development of the LDCs and Towards Completion of the Doha Round

Istanbul Programme of Action (IPoA) adopted in 2011

- Seriously work towards creating favourable market access conditions for all products originating in LDCs, including through the reduction or elimination of arbitrary or unjustified non-tariff barriers and other trade-distorting measures
- Significantly increase the share of LDCs trade in global trade with the aim of doubling the share of LDCs exports in global exports by 2020, including by broadening LDCs export base
- Make substantial efforts for an early and successful conclusion of the Doha Round of trade negotiations with an ambitious, comprehensive, balanced and development-oriented outcome
- Effective trade-related technical assistance and capacity building for the LDCs on a priority basis, including by enhancing the share of assistance to LDCs for Aid for Trade and support for the Enhanced Integrated Framework (EIF)



Sustainable Development Goals (SDGs) adopted in September, 2015

The 2030 Agenda

- Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO, including through the conclusion of negotiations under its Doha Development Agenda
- Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020
- Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access



Milestones to Nairobi MC-10

The Doha Development Round (DDR) was initiated in Doha, Qatar at the 4th Ministerial Conference (MC-4) of the WTO

Since then six MCs were held

- MC-4: 9–14 November 2001 in Doha, Qatar
 - MC-5: 10–14 September 2003 in Cancún, Mexico
 - MC-6: 13–18 December 2005 in Hong Kong
 - MC-7: 30 November – 2 December 2009 in Geneva, Switzerland
 - MC-8: 15–17 December 2011 in Geneva, Switzerland
 - MC-9: 3–6 December 2013 in Bali, Indonesia
 - MC-10: 15–19 December 2015 in Nairobi, Kenya
- The Doha Round adopted an ambitious work plan to liberalise trade in goods (agriculture, NAMA) and services - (Deep tariff cuts, subsidy reduction, market access, Rule making) and to make trade work for development of developing countries and LDCs through greater market access, S&D treatment and Aid for Trade

Nairobi MC-10 was an opportunity to ensure coherence and contribute towards attaining the IPoA and the Agenda 2030 in the context of the SDGs through trade-related support and strengthened global integration of the LDCs



2. Bali LDC Package and Post-Bali Negotiations

MC-9 at Bali held in December 2013 adopted an LDC package

- DF-QF Market Access: reiterated Hong Kong Commitment and talked of meaningful market access for LDCs
- Services Waiver: operationalization of services waiver through High Level Signaling Conference
- S&D Monitoring Mechanism – Decided to set up S&D MM to strengthen implementation of S&D treatment provisions in favour of developing countries and LDCs
- Cotton – Talked of greater market access for export of cotton from the LDCs (C-4)
- Preferential Rules of Origin for LDCs
- Aid for Trade: Reiterated resolve to provide greater financial and technical assistance through Aid for Trade (AfT) and Enhanced Integrated framework (EIF) window of the WTO towards supply-side capacity-building and strengthened global integration of the LDCs

Public Food Stockholding: Peace clause as regards subsidy calculation unless a permanent solution was found

Trade Facilitation Agreement was Adopted: Category A, B and C initiatives for the LDCs



Post-Bali Developments in Geneva

- Commercially meaningful implementation of the DF-QF Decision: Deadlock in negotiations process. Intra-LDC conflict of interest
- Services Waiver negotiations – Offer and Request List
- LDC submission for removal of restrictions and provisions of preferential access/procedures favouring LDCs suppliers over non-LDC suppliers
- Cotton: Some progress as regards market access aspects
- TF: Members started to ratify TF (only 25 Members have ratified)
- Agriculture – Negotiations on three pillars – Market Access, domestic support, export subsidy - progress was very slow
- Plurilaterals in some sectors made progress – ITA
- Other issues – NAMA, Rules – made little progress
- TRIPS and Pharmaceuticals: TRIPS council decision to extend LDC special treatment for another 17 years (till 2033)

Three Approaches to DDR emerged

- Continue negotiations till DDR agenda has been addressed
- Limit negotiations to what is feasible, wrap up the Round and start a new Round
- Advocated new approach to negotiations – systemic change: single undertaking under question; plurilaterals

The key question before Nairobi MC-10

- Will MC-10 be able to rescue and rescue the Doha Round? G-33, G-90 versus EU/USA; BRIC vs Big 2; Issue of LDC solidarity
- In the end MC-10 was able to salvage the Doha Round but deep divisions emerged which will have important ramifications for the WTO's future – fate of DDR agenda, systemic issues, approaches to negotiations

3. MC-10 in Nairobi: An Assessment of Key Elements

Modality of discussion in MC-10

- Not transparent and inclusive: EU, USA, India, China and Brazil mainly participated in the negotiations, but it was EU and USA which dominated the negotiations
- Exclusive Green Room with the Five with some Ministers called for issue – specific discussion
- MC-10 Ministerial Declaration expressed commitment of Members to advance negotiations on the remaining Doha issues
- However, the Nairobi Ministerial Declaration revealed major differences as regards approaches as to how to address the negotiations:
 - Many members reaffirmed Doha Development Agenda and the Declarations and Decisions adopted at Doha and MCs held since then and reaffirmed full commitment to conclude Doha on that basis
 - On the other hand, some members did not reaffirm the Doha mandate as they believe new approaches were necessary to achieve meaningful outcomes in multilateral negotiations
 - MC-10 Declaration observed that Members had different views on how to address the negotiations
- In all possibility there will be important systemic change in the way WTO negotiations take place

Key Decisions of Interest to the LDCs

Preferential Rules of Origin for LDCs

- When applying an ad-valorem percentage criterion to determine substantial transformation, preference granting members shall allow 'use of non-originating materials upto 75% of the final value of the product'
- When applying a change in tariff heading, as a general principle, allow for a simple change of tariff heading or change of tariff sub-heading.

Cumulation : Cumulation to be allowed →

- : With respect to other LDCs
- : With respect to Preference-granting Members
- : Cumulation with GSP beneficiaries
- : Cumulation with developing countries forming part of a regional group to which the LDCs is a party

Documentary Requirements

: Minimise documentary requirements for preferential access

This was seen as a major achievement for the LDCs

Services Waiver

- Due to the extended period between the adoption of the Waiver in December 2011 and the notification of preferences in 2015, the Waiver is extended as of the date of this Decision until 31 December 2030. Preferences notified so far may, as appropriate, be extended accordingly
- Developed and developing Members, in a position to do so, that have not notified preferences under the Waiver are urged to redouble efforts to promptly notify preferences which have commercial value and promote economic benefits to LDCs
- Members shall give special priority to addressing regulatory barriers of interest to LDCs
- Members are encouraged to undertake specific technical assistance and capacity building measures to orient LDC service suppliers to preference benefits available so that such suppliers can utilize the preferences granted

No real progress as regards operationalisation of the services waiver particularly with respect to implementation of the preferential market access through flexible administrative procedures, visa-free regime, easier commercial presence, degree equivalence, recognition of accreditation certification

S&D Provision

- MM a forum for monitoring S&D issues and to improve beneficiaries' ability to utilize S&D provisions
- But concern – MM does not have a negotiating function

However, discussion in MC-10 collapsed. Attempt to make best endeavor clauses somewhat meaningful failed

Aid for Trade

- EIF: a dedicated window for LDCs
- Pledge for 90 million USD over next few years
- Total request over 2016-2021 → 280-320 million USD
- Aid for Trade Facilitation – No concrete number
- **Pledge not enough; No mention of financial needs of the LDCs in view of Diagnostic Trade Integration Study**

Export Subsidies In Agriculture

- Developed countries will immediately eliminate their remaining agricultural export subsidies, including on cotton (with caveats)
- Developing countries will do so by 2018
- LDCs and Net Food Importing Developing Countries: by 2030
- **Price of cotton in the international market could go up → implications for Bangladesh**

Public Food Stockholding

- Purchase of food at administered price as part of their public programme for food security purpose
- Bali Ministerial – Peace Clause; no DSB until permanent solution
- **Concerns of Net Food Importing LDCs: Global Supply Shortage; Dumping in international market**

The Declaration and Annexes mentioned:

- MC-10 declaration (Para 24) mentioned that Members strongly commit to addressing the marginalization of LDCs in international trade and to improve their effective participation in the multilateral trading system. “Towards that end, we shall ensure that all issues of specific interest to LDCs shall be pursued on a priority basis, with a view to strengthening, making them commercially meaningful, and, when appropriate, legally binding”
- Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries’ share of global exports by 2020
- Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access

However, no clear guidelines were provided for negotiations in Geneva

4. Post-Nairobi Work Plan and Strategies for Bangladesh

Post Nairobi Work Plan of Interest to the LDCs

- Implementation of Hong Kong DF-QF decision
- Services Waiver Operationalisation
- Making S&D provisions more effective and enforceable
- Financial and Technical Support for TFA Implementation; More resource mobilization for AfT and AfTF
- Public stockholding
- Negotiations in Agriculture and NAMA
- Systemic Issues

Bangladesh Strategies in Future WTO Negotiations

- Homework : DF-QF – meaningful market access; identify common grounds with African LDCs; highlight possible preference erosion
 - : Be actively engaged in negotiations to operationalize the Services Waiver decision particularly with respect to modalities concerning preferential access in services market
 - : TFA – Ratify and Identify TF needs in view of Categories A,B and C
 - : Study the impact of mega-regionals and articulate possible strategies in the context of the WTO
 - : Systemic Changes in WTO: Examine implications of the various approaches to negotiations including multilateralisation of Plurilaterals with embedded S&D provision
- Coalition Building – LDC solidarity; G-33, G-90, BRIC – Common grounds, address conflict of interest
- Bangladesh will need to be engaged closely in these negotiations. Special responsibility as Coordinator of the LDC group in the WTO



Thank You