

Current debates at the WTO

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The global context

- ▶ The world economy has been recovering since early 2017, and has exhibited moderate growth after six years of slowing down
- ▶ WTO's forecast in April indicated that global trade will expand by 2.4% in 2017, higher than previous years
- ▶ The World Trade Outlook indicator (WTOI) also suggests above trend growth in global merchandise trade
- ▶ However, global economic environment remains uncertain due to unpredictable policies and surge in protectionist tendencies

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- ▶ Multilateral cooperation in different spheres is confronting with unprecedented challenges: US has officially withdrawn from Paris Agreement; has opened the NAFTA Agreement; initiated actions to impose tariffs on antidumping grounds
 - ▶ There are other tensions, such as Brexit negotiations, economic sanctions by Saudi Arabia and a few other countries in the region against Qatar
 - ▶ China filed a case on “market economy” status
 - ▶ Plurilateral initiatives are on hold
 - ▶ Economic nationalist instincts seem to be coming back

Developments since Nairobi

- ▶ Since the last WTO Ministerial Conference in Nairobi in 2015, there had been an inertia among Members to do real negotiations mainly due to differences on Doha Round
- ▶ One group of Members would like the outstanding issues of Doha to be resolved before taking up other issues of interest to Members; the other group would like WTO to do more on emerging issues to strengthen the WTO and to make it more relevant to today's realities
- ▶ A lot of time has been spent on procedural delays and debates.

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- ▶ At Nairobi, there was an agreement to advance negotiations on the remaining “Doha issues”
 - ▶ Different views expressed on how to carry out this work: Doha structure versus new architecture
 - ▶ There are some mandated issues from Nairobi in agriculture, such as public stockholding and special safeguard mechanism
 - ▶ A number of issues not necessarily under the purview of Doha are being raised by Members

Discussions in the context of MC11

- ▶ WTO's eleventh Ministerial Conference (MC11) will take place in Buenos Aires, Argentina, from 10 to 13 December 2017
- ▶ At this point in time, no clarity on what can be harvested at MC11
- ▶ Doha issues as well as "other" issues are being advanced for possible deliverables; and different topics are at different levels of maturity
- ▶ Agriculture is a vitally important issue for all Members; some consider public stockholding as gateway issue for any outcome at MC11
- ▶ Domestic support is also an area of priority for a large part of the membership

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- ▶ Renewed interest of Members on fisheries subsidies where text-based negotiations are likely to begin following the summer break
 - ▶ Over the last year, Members have also sought to advance domestic regulation in services
 - ▶ The G-90 submitted a set of agreement-specific proposals in July, with the overarching objective of promoting industrialization, diversification and structural transformation

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- ▶ Some key S&D proposals include:
 - Exemption from TRIMS
 - Procedural improvements on modification or withdrawal of concessions (GATT Article XVIII)
 - Flexibility in the application of SPS and TBT Agreements, including not to ban importation of products based on the rejection of shipments from a limited number of suppliers from the exporting Member
 - Re-introduction of “non-actionable subsidies” as well as new transition period for “local content” subsidies
 - Use of minimum values for up to 10% of tariff lines with the objective of checking import under-invoicing (Customs Valuation Agreement)

Issues not under the purview of TNC

- ▶ A range of issues (often linked with one another) are being advanced where proponents combine both developed and developing Members
- ▶ These issues include e-commerce, MSMEs, investment facilitation, etc.
- ▶ The proponents of these issues have been undertaking informal dialogues, workshops and some of them would like to see outcomes at MC11 – whether in the form of decisions or guidance on the way forward.

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- ▶ A Work Programme on E-commerce was established in 1998; continued practice of moratorium on custom duties on electronic transmissions; exploring relationship between e-commerce and WTO Agreements
 - ▶ Some Members would like to deepen the discussion and establish rules in this area
 - ▶ Proposals on greater participation of MSMEs in global trade, including ability of MSMEs to access information
 - ▶ Proposals for a WTO instrument on investment facilitation which would not include investment protection rules or dispute settlement disciplines
 - ▶ There has not been a structured discussion on the above issues, and the common problem with all of them is the scope and coverage of these issues to be dealt with under the purview of WTO.

LDC issues

- ▶ LDC issues can be categorized in three tracks:
 - Remaining areas of DDA of importance to LDCs
 - Implementation of decisions taken in favour of LDCs
 - LDC positions on “other” or “emerging” issues

- ▶ Concerning remaining areas of DDA, LDCs have expressed interests in the following areas:
 - ✓ Submitted a proposal on domestic support in agriculture including cotton
 - ✓ Supports multilateral outcome on fisheries subsidies
 - ✓ Seeks binding commitment on DFQF, under NAMA negotiations
 - ✓ Concrete outcome on S&D, based on the G-90 submission

- ▶ Concerning “other” issues not part of DDA, LDCs have not made any substantive proposal and merely asks Members to pursue these issues on an exploratory basis and in appropriate consultation formats

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- ▶ Implementation of LDC-specific decisions:
 - DFQF: very little progress since Nairobi; discussion on a proposed terms of reference for a study on DFQF implementation remains inconclusive
 - Preferential Rules of Origin: Decisions and frameworks (notification template, modalities for calculation of utilization rates) have been put in place; continuous progress noted
 - LDC Services Waiver: lack of interest or enthusiasm from LDCs side in recent months; no ideas on a process that needs to be initiated to review the operation of notified preferences (24 notifications have been submitted so far)

Way forward

- ▶ Members looking for incremental, but meaningful progress; early to say whether Members could define a post-MC11 Work Programme
- ▶ Intense negotiations are expected in the area of fisheries subsidies
- ▶ Very little chances of success for an outcome on S&D
- ▶ Without a breakthrough on broader issues, some Members are reluctant to work on LDC elements
- ▶ Some Members advocate to address the “longstanding issues” together with “emerging ones”. Some point that reforms in Agriculture and liberalization of services have an in-built mandate
- ▶ A few Members are interested in systemic and institutional questions confronting the WTO like addressing gaps in notifications and transparency and efficient functioning of DSU.
- ▶ Even a Ministerial Declaration upholding the relevance and integrity of the rules-based multilateral trading system is considered by some an important outcome at MC11