

UPCOMING WTO MC11 AND BANGLADESH PRIORITIES, OFFENSIVE-DEFENSIVE INTERESTS AND POSSIBLE NEGOTIATING STANCE

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UPCOMING WTO MC11 AND BANGLADESH
Priorities, Offensive-Defensive Interests and Possible
Negotiating Stance

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Section I. Backdrop of MC11: Some Disquieting Developments

Section I. Backdrop of MC11 – Some Disquieting Developments

- ❑ LDC IV in Istanbul had set the ambition of halving the number of LDCs by 2020. Multilateral trading system and better market access were supposed to play an important role in achieving this ambition
- ❑ Agenda 2030 has set the target of doubling share of LDCs in global exports by 2020 and has also asked developed countries to help developing countries and LDCs to attain the SDGs through a supportive global trading system including implementation of DF-QF market access decision of the WTO
- ❑ However, WTO-MC11 is going to take place in the backdrop of a number of disquieting developments as far as the multilateral trading system is concerned. Bangladesh will need to firm up her approach and stance in view of the emergent situation
- ❑ **Slow Recovery:** Global economic recovery since the financial crisis of 2007-08 has been rather slow – average annual growth of global trade flow has been significantly lower than global GDP growth rate. This is a reversal of the trends of the past decades prior to the crisis. Only in the recent past trade growth has started to catch up with GDP growth (3.6% vs. 2.8% projected for 2017)

Section I. Backdrop of MC11 – Some Disquieting Developments

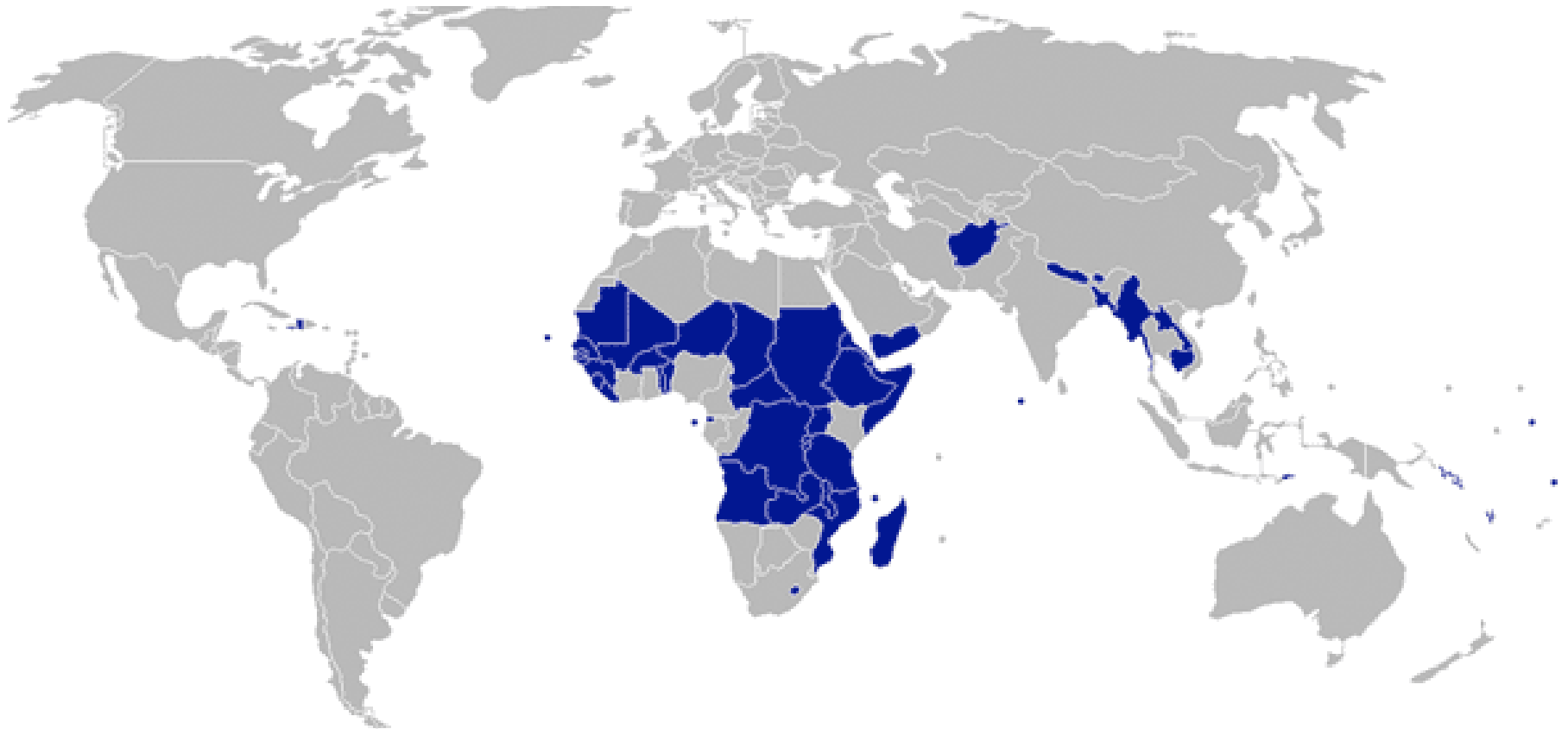
- ❑ **Protectionist Policies:** The propensity to pursue protectionist policies has been on the rise during the post-crisis period by way of deviation from national treatment and MFN principles. Number of cases brought to the WTO-DSB (submission of complaints; setting-up of panels) has been on the rise
- ❑ **New Developments:** New developments such as Brexit, volatility in commodity market, emphasis on compliance and other issues, the rise of global value chains and lack of interest in extending aid for trade are the “new normal” – situation in the evolving global architecture
- ❑ **Systemic Issues:** Some countries are preferring plurilateral negotiations outside of the ambit of the WTO. The principle of Single Undertaking is being questioned
- ❑ **Future of the Doha Round:** Some politically powerful members are arguing in favour of abandoning the Doha Round; some are in favour of unbundling of the Doha Agenda
- ❑ **New Issues:** Some WTO members are arguing for inclusion of “new issues” in the MC11 agenda. Some are arguing for extending the built-in agenda (e.g. fisheries subsidies; disciplines in e-commerce) as also for bringing in new issues (e.g. investment-related issues)

Section I. Backdrop of MC11 – Some Disquieting Developments

What should Concern Bangladesh in View of MC11

- ❑ Operationalisation of S&D Provisions Favouring LDCs: A number of decisions have been taken in the past in favour of LDCs as part of successive WTO-MCs. There are 139 S&DT provisions favouring developing countries (including LDCs) in the agreements of the WTO, of which 14 are specific to the LDCs
- ❑ In view of the MC11 Bangladesh will need to design its stance with regard to (a) built-in WTO agendas; (b) ongoing negotiation agendas and (c) new agendas
- ❑ Some of the priorities for Bangladesh are operationalisation of: (a) DF-QF decision (MC6 decision in Hong Kong), (b) Implementation modalities of S&D provisions (MC9 decision), (b) Services Waiver (extended till 2030: MC10 decision), (c) TRIPS and Pharmaceuticals (Doha declaration extended till 2032: MC10 decision); (d) Rules of origin for LDCs (MC10 decision), (e) Trade Facilitation Agreement (MC9)
- ❑ New issues and built-in agendas: Fisheries Subsidies; E-commerce; AoA; Investment related issues
- ❑ Addressing the dichotomy as an LDC and as a prospective graduated LDC

Section II. LDCs in the WTO and Global Trade: Some Stylised Facts



Section II. LDCs in the WTO and Global Trade: Some Stylised Facts



Developed and Developing countries in the WTO are designated on the basis of self-selection although this is not necessarily automatically accepted in all WTO bodies. LDCs have been recognised as a sub-strata among developing country members in the WTO based on certain criteria

WTO Member Countries: 164

Out of 47 LDCs 36 are WTO Members

Afghanistan became a member of the WTO on **29 July 2016** and was recognised as an LDC
Cambodia is the current LDC Group Coordinator
(Since February 2017 for one year)

Seven more LDCs

are at various stages in the accession process.

These are:

- Bhutan
- Comoros
- Ethiopia
- Sao Tomé & Príncipe
- Somalia
- Sudan and
- Timor-Leste

Section II. LDCs in the WTO and Global Trade: Some Stylised Facts

- ❑ Graduation Criteria for LDCs (for 2015 review by the CDP)
 - GNI per Capita : A moving goal post!
 - ❖ For 2015 review, it was **\$1,242** and above (**\$2,484** and above for 'income only' graduation). Average of 3-previous years' GNI per capita is taken e.g. 2015 review considered average of 2011-2013. 2018 will consider average of 2014-2016
 - HAI: 66 and above , EVI: 32 and below (fixed at 2012 levels)
 - 5 graduated LDCs: Botswana (1993), Cabo Verde (2007), Maldives (2011), Samoa (2014) and Equatorial Guinea (2017)
- ❑ Istanbul Plan of Action (IPoA-2011) Target: Halving the number of LDCs by 2020 (from 48 to 24)
- ❑ UNCTAD 2016 Projection: 16 countries to graduate by 2024

Section II. LDCs in the WTO and Global Trade: Some Stylised Facts

- ❑ Bangladesh is expected to be considered for graduation at the CDP meeting in 2018 and hopefully will finally graduate out of the LDC group by 2024
- ❑ While continuation of preferential treatment remains an issue of negotiation, Bangladesh's LDC graduation will have important implications in pursuing its strategies in the WTO. Its strategy should be to try to maximise its benefits as an LDC and at the same time keep an eye on issues of interests and concerns for the developing countries

Section II. LDCs in the WTO and Global Trade: Some Stylised Facts

Table 1: Share of LDCs in Global Goods Exports and Imports

Category	Goods Export (% of global export)			Goods Import (% of global import)		
	1995	2005	2016	1995	2005	2016
All LDCs	0.47	0.78	0.91	0.65	0.80	1.42
<i>African LDCs & Haiti</i>	0.31	0.55	0.52	0.39	0.52	0.77
<i>Asian LDCs</i>	0.16	0.23	0.39	0.25	0.28	0.63
<i>Islands LDCs</i>	0.00	0.00	0.00	0.01	0.01	0.01
Total LDC Trade (billion USD)	23.9	81.3	145.0	33.8	85.7	227.2

Source: Authors' calculation based on UNCTADSTAT data

- ❑ In terms of value, LDCs have witnessed notable rise in exports and imports over the last two decades
- ❑ However, since the establishment of WTO in 1995, LDC as a group has experienced only some rise in their share in global exports and imports of goods despite wide-ranging international support measures designed for the LDCs, both within and outside the WTO
- ❑ Although LDCs account for about 12% of the world's population, the share of the group is less than 2% of world GDP, less than 1% of global exports and less than 1.5% of global imports in trade in goods. Also, LDCs have witnessed growing trade deficit over time
- ❑ Many LDCs continue to depend critically on a single export item; the majority of LDCs are constrained by both lack of market and product diversification

Section II. LDCs in the WTO and Global Trade: Some Stylised Facts

Table 2: LDCs Share in Global Services Exports and Imports

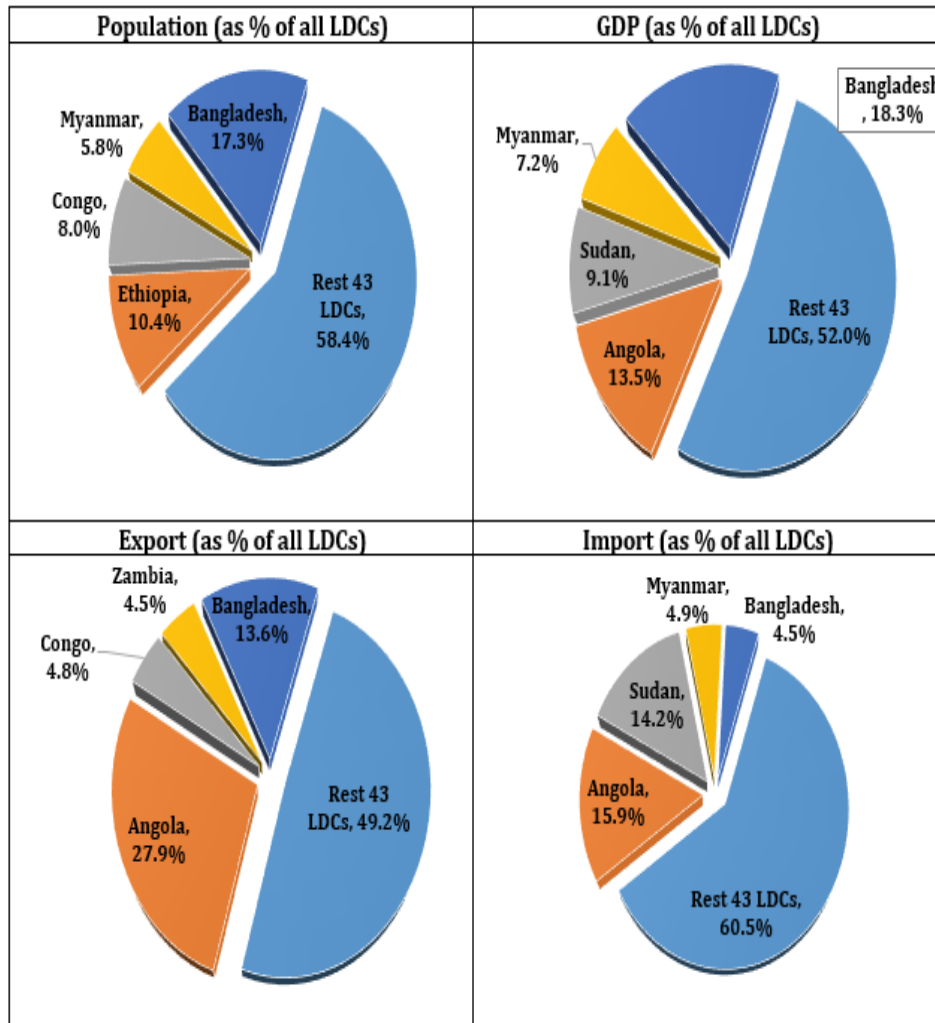
Category	Services Export (% of global export)			Services Import (% of global import)		
	1995	2005	2012*	1995	2005	2012*
All LDCs	0.50	0.45	0.72	1.05	1.16	1.80
<i>African LDCs & Haiti</i>	0.32	0.30	0.44	0.79	0.94	1.42
<i>Asian LDCs</i>	0.18	0.14	0.26	0.25	0.21	0.34
<i>Islands LDCs</i>	0.01	0.01	0.01	0.02	0.01	0.04
Total LDC Trade (billion USD)	6.2	11.6	32.1	13.1	28.7	77.2

Source: Authors' calculation based on UNCTADSTAT data; *Note: 2012, Latest Available

- ❑ In terms of services exports, LDCs share in the global export of services was only about 0.7% (2012)
- ❑ Data reveals that LDCs as a group has not been able to significantly improve their share in this segment of growing importance in global trade
- ❑ Services Waiver granted to the LDCs in 2011, at the 8th Ministerial Meeting in Geneva, is thus crucially important to improve share of LDCs in global services exports

Section II. LDCs in the WTO and Global Trade: Some Stylised Facts

Figure 1: Bangladesh's Population, GDP, Exports and Imports as share of all LDCs



- In terms of population (17.3%), GDP (18.3%), export (13.6%) and import (4.5%) Bangladesh's share within LDC group is significantly high
- Bangladesh is relatively better positioned to reap the preferential benefits offered to LDCs by the WTO members - thanks to its improved supply-side capacities
- Bangladesh ought to strategise its stance in the WTO by keeping in the perspective the possible graduation of Bangladesh from LDC category by 2024
- Bangladesh should take advantage of the WTO in a way that ensures that she is able to get on with its post-LDC, middle income journey with sustainability and momentum

Source: Rahman and Bari (2017)

Section III. Upcoming MC11: Key Offensive and Defensive Interests of Bangladesh and Suggested Stance



Upcoming MC11: Key Offensive and Defensive Interests of Bangladesh and Suggested Stance

Bangladesh should prioritise to the following issues:

- ❑ DF-QF: Market Access
- ❑ Domestic Support for Public Stocktaking
- ❑ Fisheries Subsidies
- ❑ Services Negotiations and Services Waiver for LDCs
- ❑ E-commerce
- ❑ Decision on Cotton Subsidy
- ❑ Micro, Small and Medium Enterprises (MSME) and Investment Issues

Duty-free and Quota-free Market Access

Moving the Agenda Forward

- ❑ DF-QF market access remains a key issue of interest to LDCs such as Bangladesh in spite of 'enhanced market access' and 'commercially meaningful market access' clarifications. Bali and Nairobi Ministerial Conferences failed to meet LDC expectations in terms of realising the decision
- ❑ LDCs should pursue the strategy of receiving number-based commitments from developed countries to extend respective coverage of DF-QF facility
- ❑ LDCs should also ask for more generous offer on the part of developing WTO members
- ❑ In line with MC10 Decision, LDCs should argue for flexible Rules of Origin (RoO) (RoO criteria of 25% domestic value addition and single transformation for the purposes of preferential market access)
- ❑ Unlikely that African LDCs will change their stance
- ❑ Need innovative approach to implementation of the decision. Addition of a quantitative target? Mandated time to move from 97% to 100%?

Domestic Support for Public Stockholding

Key Arguments

- ❑ The Bali decision agreed to the Peace Clause whereby developed countries agreed not to go to the WTO Dispute settlement Body (DSB) if food stockholding by developing countries exceeded the permissible limits of Aggregate Measure of Support (AMS) as stipulated under the AoA. This was allowed for four years, and a decision in this regard will now have to be taken at MC11
- ❑ Some members (e.g. Australia) feel that subsidies for PSHP are trade-distorting and hence there is a need to put these under some discipline (cap)
- ❑ On the other hand, the Group of 33 countries (G33), which include India, China and Indonesia, has proposed for a permanent solution which would allow PH for food security to include procurement of food products from farmers at minimum support price (MSP) and their distribution at subsidised rates to the poor and the needy. This concern relates to only on the purchasing side

Domestic Support for Public Stockholding

- ❑ Subsidies on account of these programmes were not be included in the category of trade distorting subsidies that disrupt markets and prices of food items
- ❑ Reference price for AMS calculation is also a long-debated issue. The reference period, currently taken to be the average price for 1986-88, leads to an artificially inflated amount of subsidy for purposes of calculation. This then results in lower levels of allowed procurement
- ❑ If no agreement is reached at MC11 in this regard, members may go for further extension of the Peace Clause timeline unless a permanent solution is sought

Domestic Support for Public Stockholding

Bangladesh Perspectives

- ❑ Food subsidies do dampen domestic food prices in the providing countries. And when they export, the spillover impact on export prices do give the subsidising countries certain advantage. As a net food-importing country, Bangladesh stands to benefit from the lower food prices in the global market
- ❑ In contrast, Bangladesh as a (some time) food exporting country stands to face more competition in the global market on account of subsidised prices. This is also particularly important because LDCs such as Bangladesh do not have the financial muscle to allocate significant amount of resources to subsidise food stockholding to the tune where AMS caps could become a problem
- ❑ However, from medium to long-term perspective, the issue of subsidy calculation is of particular relevance to Bangladesh as the country may need to go for high incentives to stimulate agricultural practices that are tuned to addressing climate vulnerabilities and agricultural (both crop and non-crop) diversification challenges
- ❑ It is reckoned that, in the present context, a permanent solution with adequate safeguards should be Bangladesh's preferred option

Negotiation on Fisheries Subsidy

Importance for Bangladesh

- ❑ According to the data of the Department of Fisheries, at present the total fish production of Bangladesh was about 3.7 million MT (in FY2015-16) of which marine fisheries accounted for only about 16.3% (share of artisanal fishing was 14% and commercial fishing was 2.3%)
- ❑ Both inland and marine fisheries of Bangladesh are mostly carried out at subsistence level. Bangladesh should pursue the negotiations in WTO by anticipating the rapid future growth of its marine commercial fisheries industry
- ❑ To harness the opportunity of the blue economy, significant investments will be required to provide the incentives to make it happen. Hence, Bangladeshi policymakers, while negotiating, need to keep this perspective in the mind

Negotiation on Fisheries Subsidy

LDCs Perspectives

- ❑ Many WTO members have complained that, domestic subsidies on fishing by major fish capturing countries such as Japan, EU, China and India distort global markets and incentivises overfishing. This is also in line with the SDGs [Goal: 14.6]
- ❑ LDCs have an interest to eliminate illegal, unreported and unregulated (IUU) fishing
- ❑ Text of a working document has been circulated by the Chair of the Negotiating group on Rules on prohibiting subsidies relating to IUU fishing and overfished stocks
- ❑ A group of countries that include US, Australia, New Zealand, Norway, Chile, Colombia, Peru and Iceland, and referred to as “Friends of Fish”, have been demanding strong and enforceable rules against granting subsidies to the fisheries sector, pointing mainly two types of subsidy that enhance a country’s capacity of fishing –
 - Subsidies granted for construction of fishing vessels and fleet modernisation
 - Subsidies that reduce operating costs such as fuel subsidy

Negotiation on Fisheries Subsidy

- ❑ LDCs have both offensive and defensive interests in this issue. LDCs are keen to safeguard the interests of their fisheries sector and fishing communities. At the same time, some LDCs have export interest in fisheries sector
- ❑ Many LDCs don't have adequate financial capacity to provide domestic support for fish vessel construction and modernisation to support the sector. They face unfair competition from rich subsidising countries
- ❑ Compliance with regulations proposed by group of Friends of Fish, if granted, will require significant investment from small LDCs and other small fish catching developing economies
- ❑ Reducing fuel subsidy may make millions of fishermen and their families in LDCs vulnerable
- ❑ If decision is taken with regard to containing overfishing and reducing subsidies, LDC should be granted S&DT treatment

Negotiation on Fisheries Subsidy

- ❑ Considering what has been mentioned earlier, an S&DT provision may be negotiated in line with the proposals in the various submissions (7 proposals have been submitted by various combinations of Members including one by the LDC group). Some of the possible elements of the S&DT could be the followings:
- ❑ Countries that don't contribute more than x% in global fish export should be exempted from agreed provisions and obligations. For LDCs, this provision should be more flexible on following grounds:
 - Domestic support for livelihood and social safety net programmes for fishermen involved in artisanal fishing
 - Revenue from fishing licenses granted to other countries is an important earning component for many small island LDCs

Negotiation on Fisheries Subsidy

- Enhanced policy space and lower disciplines as the present state of overfishing and overexploitation is largely accounted for by the industrialised nations
- LDCs should be allowed to exploit the opportunities of commercially viable fish stock in international water territories
- LDCs should be provided with technical assistance for fish stock assessment, monitoring and reporting on fish stock, research and development in fisheries sector
- As regards assessment and reporting of fish stock, S&DT should also include a provision where LDCs will be allowed a time period of few additional years following entry into force of Fisheries Subsidy Agreement

Services Negotiations and Services Waiver for LDCs

- Trade in services plays an increasingly important role in global trade

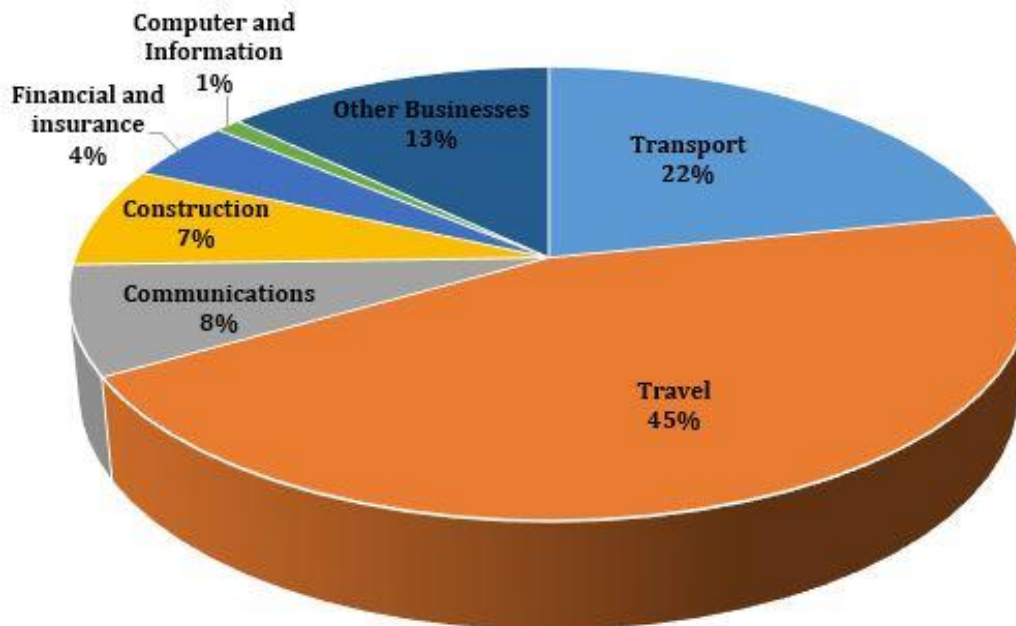


Figure 2: LDCs' structure of commercial services by sector, 2012 (%); Source: WTO and UNCTAD

- Services account for over 70% of the world's GDP, 45% of the world's employment and about 40% of the world's stock of foreign direct investment
- However, participation of LDCs in world trade in commercial services remains marginal – LDCs account for only about 0.7% of exports and 1.8% of imports of global services

Services Negotiations and Services Waiver for LDCs

Issues related to Services Waiver for LDCs

- ❑ Decision on Services Waiver for the LDC was taken at MC-8 in Geneva (2011). The waiver period was extended from 2026 to 2030 at MC10
- ❑ Service waiver for LDCs has two types of preferences:
 - Market Access Preference (e.g. that allow midwives from LDCs to provide service (mode 4) under an LDC-only quota)
 - Non-market access preference (e.g. if a developed country provides preference in terms of lower years of experience for a professional from LDC in sanctioning work permit) subject to the authorisation by the Council for Trade in Services (CTS)
- ❑ Preferential treatment in services covered by the LDC Services Waiver may be accorded to any LDC regardless of the membership of WTO
- ❑ Till date 25 notifications of preferential schemes (offer lists) have been submitted by 23 non-LDCs (including EU as a single entity)
- ❑ Bali Ministerial (MC-9) took a number of decisions towards implementation of the LDC Services Waiver

Services Negotiations and Services Waiver for LDCs

- ❑ Nepal, on behalf of the LDCs, had submitted a “request preferences” in 24 July, 2014 (in 74 areas). Some preferences would include: expanding access for the temporary movement of business people ([Mode 4](#)) from LDCs; waiving fees for business and employment visas for LDC persons; not imposing economic needs and labour market tests for LDC members; and extending the duration of stay of LDC professionals in the markets of preference granting members
- ❑ This was followed by a High level meeting was held in February 2015 to discuss issues of operationalisation
- ❑ Introduction of quantitative factors (in the form of quotas), waiver from restrictive practices such as ENT should be considered to operationalise the waiver
- ❑ LDCs should review the notifications received from offering countries, keeping in mind the key issues of offensive interest, demand-side dynamics in offering countries and their own supply-side capacities

Services Negotiations and Services Waiver for LDCs

- ❑ The waiver could be a good opportunity for Bangladesh to enhance her export of semi-skilled and skilled human resources in such sectors as garments, construction, ICT sector, care industry and education
- ❑ While drawing up the list of possible preferences, particular attention should be paid to preferences under mode 4 where Bangladesh has significant export potential
- ❑ Country-specific demand assessment for semi-skilled and skilled human resources will be critically important for Bangladesh to meet the skill requirements in offering markets
- ❑ Bangladesh should undertake a thorough study to identify her sectors of offensive interest in view of Services Waiver

Services Negotiations and Services Waiver for LDCs

Domestic Regulation on Services Trade

- ❑ Although it has not received enough support from other WTO members, India is pushing for trade facilitation in services, in line with WTO-Trade Facilitation Agreement
- ❑ A group of other countries (e.g. Australia, EU, Japan, Colombia etc.) is pushing for disciplines on domestic regulations on services (technical standards, licensing requirements, qualification requirement and procedures)
- ❑ However, majority of members are opposing this move on the ground that this will entail additional financial and administrative burden and obligations and will also limit policy flexibility
- ❑ Further, such a mandatory rule would most likely invite significant pressure from the multinational companies on domestic regulatory processes and would undermine the right to regulate on the part of LDC governments

Decision on Cotton Subsidies

Key Arguments

- ❑ Although the Nairobi MC10 took an important step to reach a global solution as regards the cotton issue, the cotton-4 countries (Benin, Burkina Faso, Chad and Mali) have strongly criticised the lack of progress with regard to any binding commitment
- ❑ Because of flexible way of AMS calculation, USA in 2013, was able to provide domestic support of 10.8% on cotton, 12.6% on dairy, 57.8% on sugar (of value of production)
- ❑ If shift in domestic support on agriculture between products were not allowed, USA would have to keep their domestic product-specific support to within the 5% de-minimis limit
- ❑ Developing country members (e.g. China, India) have argued that elimination of product specific support that exceeds de minimis levels would not only solve this issue but also solve other issues of domestic support on agriculture

Decision on Cotton Subsidies

Bangladesh Perspectives

- ❑ Bangladesh has traditionally extended support to the cause of C-4, in anticipation perhaps of winning the African LDCs over to its DF-QF cause
- ❑ Bangladesh may continue to support C-4, as an expression of LDC solidarity, in exchange for garnering African LDC support for DF-QF market access decision. However, if the past is an indicator, this is hardly likely
- ❑ In case there is a decision in favour of C-4, Bangladesh's cotton importers may have to face higher prices as a result of reduction in farm subsidies on cotton
- ❑ While Bangladesh should not deviate from its principled position of supporting the C-4, any concrete decision is highly unlikely because of the US opposition to the proposal tabled by the C-4

E-commerce Negotiation

Key Arguments

- ❑ Work Programme on E-commerce was initiated in the WTO in 1998
- ❑ Between 2000 and 2016 internet penetration has increased from 6.5% to nearly 47% of the global population and global B2C e-commerce is expected to increase to USD 1.8 trillion in 2017
- ❑ A number of members (e.g. USA, EU, China, Japan etc.) are keen to bring e-commerce within the ambit of discussion and negotiation in the WTO, which in many instances tend to go beyond the 1998 Work Programme
- ❑ The US submission refers to: (a) prohibiting digital customs duties, (b) securing basic non-discrimination principles (national treatment and MFN principles), (c) enabling cross-border data flows, (d) promoting a free and open internet, (e) preventing localisation barriers, (f) barring forced technology transfers; (g) protecting critical source code; (h) ensuring technology choice etc.

E-commerce Negotiation

- ❑ Although there is no consensus in on e-commerce discussions, proponents are keen to start discussion on at least the following two issues:
 - A decision on stocktaking exercise to examine which current WTO provisions are relevant to e-commerce
 - A decision to review e-commerce chapters in preferential trade agreements in order to identify provisions that go beyond current WTO rules
- ❑ The opponents of e-commerce discussions such as Africa Group, LDCs, India and others have stressed the need for policy space, importance of having a data strategy and the ability to regulate data
- ❑ A report of Centre for WTO Studies has argued that even without multilateral rules, global e-commerce market is growing with robust pace and consistency. Therefore, a legally binding rule on e-commerce could only play an insignificant role to generate additional growth while such rule could significantly undermine the opportunities of growing digital economics

E-commerce Negotiation

LDCs Perspectives

- ❑ The ground reality is that trade policy makers from developing countries and civil society actors, are not well-informed as regards the nuances which could directly affect the way digital rights and safeguards will be affected by a deal on e-commerce
- ❑ E-commerce markets in LDCs are lagging behind in terms of competitiveness and skills on account of the digital divide and infrastructural deficit
- ❑ For Bangladesh and other LDCs, securing their own interest in e-commerce issues is of heightened importance. An e-commerce deal should not undermine trade and commercial interests of the LDCs and also their defensive interests. In case of any deal, LDCs should demand adequate safeguard through appropriate S&DT provisions
- ❑ LDCs lack adequate infrastructure and logistics services to bear costs of handling smaller consignments and 'track & trace' capability

E-commerce Negotiation

LDCs Perspectives

- ❑ To take advantage of e-commerce, LDCs will require significant investment in hard and soft (e.g. improving the speed of internet) infrastructure. LDCs should pursue the case for concessional financing in view of current state of the global digital divide
- ❑ Comprehensive reforms of legal architecture will be required towards speedy internet services in most LDCs
- ❑ Enabling cross-border data flows and promoting a free and open internet may hurt the opportunity to develop a well-functioning domestic industry in the field of e-commerce and e-business in the LDCs
- ❑ LDCs should be able to pursue domestic regulations to ensure technology choice, protect domestic providers and safeguard network competition in view of national development plan and priorities
- ❑ Flexible rules for e-payment and data sharing will be important while dealing with IPR

Micro, Small and Medium Enterprises (MSME) and Investment Issues

Key Arguments

- ❑ Proposals are put forward to improve greater participation of MSMEs in global trade. Ability of MSMEs to access information has emerged as an important agenda in various WTO for fora. However, till now, no structured discussion has made
- ❑ A recurring problem is the scope and coverage of the issues to be dealt within the purview of WTO
- ❑ Discussions on the MSME issues could also overlap with discussions on e-commerce and investment facilitation issues in WTO during MC11 with focus on including rules such as-
 - Binding technology transfer arrangements
 - Binding financial assistance with localization requirements to develop infrastructure and technical capacities in data processing and analysis
 - Binding financial assistance in technological know-how

Micro, Small and Medium Enterprises (MSME) and Investment Issues

Bangladesh Perspectives

- ❑ Bangladesh, LDCs and most developing countries do not agree that MSME issues should be taken up as a horizontal issue within the WTO
- ❑ Bangladesh should follow the discussion on the resurgent ‘Singapore Issue’ of investment facilitation very closely
- ❑ There is a danger that the disciplines proposed will further narrow down policy space that the LDCs have in pursuing strategic trade and investment policies towards the development of their domestic industrial sector, including the MSME sector

Section IV: Bangladesh's Strategies in the Context of the WTO MC11



Bangladesh Strategies in the Context of the WTO MC11

❑ ***Emphasis on the Doha Round Deliverables***

- There is a growing concern and apprehension that Doha Round may be abandoned and the so-called *new issues* will gradually dominate the negotiating agenda
- In view of this, along with other LDCs and developing country members, Bangladesh should strongly argue in favour of securing the development dimensions of the Doha Round and that the deliverables agreed are delivered

❑ ***An Early Harvest***

- Bangladesh and other LDCs should argue for decoupling the implementation of the decisions favouring the LDCs from completion of the Doha round
- The decision with regard to DF-QF marked access, RoO and others should not be held hostage to negotiations on other issues and completion of the Round

Bangladesh Strategies in the Context of the WTO MC11

□ ***Ensuring Implementation of the Decisions Favouring LDCs***

- Bangladesh should strongly argue in favour of designing implementation modalities in respect of decisions of the earlier MCs, particularly the Hong Kong Ministerial decisions with regard to DF-QF market access and subsequent MC decisions pertaining to Services Waiver for LDCs, decision with regard to TRIPS and Pharmaceuticals, the Bali LDC package and implementation of S&D provisions for the LDCs
- WTO members have to be reminded about the support promised under the Trade Facilitation Agreement (TFA), in the area of technology transfer, aid for trade and through other avenues and in other forms in order to enable the LDCs to take advantage of market access and other preferential provisions accorded in the WTO

Bangladesh Strategies in the Context of the WTO MC11

□ *An Appreciation of New Dynamics, New Players, New Issues*

- Correlation of forces in the WTO is changing; countries such as India and China are playing increasingly important role with their shifting focus and priorities; coalitions are shifting; global value chains are becoming integral part of global trade; South-South trade is in the ascendancy; the role of regional and sub-regional trade and economic cooperation is becoming prominent
- There is an apprehension that plurilaterals could dominate the global trade scenario. If this be the case, LDCs will be mere takers
- However, Bangladesh and other LDCs should argue that plurilateral negotiations should not forget the development objects and should be in tune with the spirit of the Doha Round
- It is, thus, important that when LDCs are not part of this negotiations, S&D provisions are embedded in the plurilateral negotiations

Bangladesh Strategies in the Context of the WTO MC11

□ *Being Engaged with New Issues*

- It is anticipated that at the MC11 there may be a decision on fisheries subsidies (a text has been circulated), some progress with regard to public stockholding, as regards setting up at least a working group in e-commerce
- Bangladesh should remain engaged in these discussions and safeguard its interests by putting forward proposals in the form of S&D provisions, technical support and aid for trade

Bangladesh Strategies in the Context of the WTO MC11

□ ***Taking Cognisance of Dual Identity***

- Bangladesh will need to be alert to its dual identity – as an LDC now, and as a non-LDC developing country in the medium term.
- Three considerations emanate from this:
 - ❖ *Bangladesh should strongly argue at MC11 (here it should be able to mobilise support of many other LDCs that are set to graduate in foreseeable future) that negotiations must be geared to support LDC graduation through supportive decisions*
 - ❖ *Bangladesh should keep in the perspective the implications of MC11 decisions not only for the LDCs but also non-LDC developing countries and, if required, calibrate its negotiating stance in view of this*
 - ❖ *In the backdrop of the likely graduation scenario, Bangladesh should strive to build up partnerships and coalitions which will best serve not only to its immediate needs but also medium-term strategic trade interests*

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- ❑ ***Engaging in the Discussion on Post-MC11 Work Plan***
 - It is highly likely that the Doha agenda will be revisited, and a post-Buenos Aires Work Plan will be discussed and agreed upon by members. Bangladesh should remain actively engaged in this exercise
 - Identifying modalities, S&D provisions and flexibilities in view of the discussions on the post-MC11 Work Plan, to secure and safeguard offensive and defensive interests of its own and the LDCs, should receive highest priority on the part of Bangladesh's negotiators

Section IV. Concluding Remarks

- ❑ In recent years, WTO has been experiencing formidable challenges, both in terms of systemic modalities informing its functioning (single undertaking, DSB) as also with regard to the substance of negotiations
- ❑ Nonetheless, for relatively weaker economies and LDCs, a rule-based system, backed by S&DT provisions, remains a more preferred option
- ❑ Bangladesh should remain actively engaged in MC11 negotiations to safeguard her offensive and defensive interests
- ❑ Bangladesh should pursue strategic coalitions and go for alliance building, concerning both issue-specific and systematic issues
- ❑ Bangladesh is poised to come out of the LDC group in foreseeable future. Her interest should be to take best advantage of the window of opportunity as an LDC in the WTO, and also to keep her future as a non-LDC in the perspective

Thank You