



International Conference on
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International Conference on

**Upcoming Ninth WTO Ministerial:
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Background

- The Road to Bali
 - Initial expectation – not a housekeeping exercise
 - July package, early harvest, Doha lite, LDC package, now “small package”
 - A deal on TF can be a highly encouraging development
 - In fact, **TF is the only full Doha discipline/modality** that is widely hoped to be delivered for the consideration of Ministers at Bali
 - The potential **TF deal is not specific to LDCs** but has significant implications
 - Attracted **huge attention** of ACP Group, LDCs and SVEs along with other developing countries
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Background (contd.)

- Discussions on A likely TF agreement
 - Emerged from Singapore MC
 - Recognition from the outset to minimise the burdens on members with limited resources
 - Recognition of TA needs for DCs and LDCs
 - The mandate to conclude a multilateral TF deal - Paragraph 27 of Doha Ministerial Declaration.
 - The mandate was reinforced and elaborated in Annex D of the July Package agreed by the General Council in 2004.
 - Text-based negotiations from December 2009
 - The latest version – 18th – is dated 23 October
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Trade facilitation - importance

- 1% reduction in trade transaction costs leads to **\$40 billion gains** in world incomes
 - Varying estimates: **1-15% of total transaction costs** due to procedures and formalities
 - Commonwealth work on AfT – Each doubling of aid to trade facilitation linked to **5% reduction** in trading costs
 - **\$82** saving handling through a 20-foot container
 - Participation in **global value chains**
 - Wider implications for LDCs in terms of **regional trade** for example
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The state of play: TF Negotiations

- Annex D of July package – negotiations will have **two core components**
 - The **substantive measures**/provisions
 - Provision of **S&DT**
 - **Section I** – substantive rights and obligations, 12 articles, institutional or cross-cutting issues, + 3 articles that may be placed elsewhere
 - Publication of trade laws and regulations, fees and charges, transit, appeal mechanism, border agency cooperation, etc
 - **Section II** – 9 articles addressing S&DT
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Current Status

- The **18th revision** with numerous []
 - Reflecting alternative text proposals
 - Non-agreed language
 - Comparing with 17th, **progress in 18th Section I**, but Section II remains unchanged
 - On the whole, perhaps **the majority of the text does not yet have agreed language** with just over 6 weeks to go before Bali
 - Many differences are due to **legal quality of the text**
 - Progress on **40 substantive provisions**
 - **12 with agreed text** (another 10 likely)
 - In majority cases, divergence due to technical details and level of ambition
 - Prospect of **removing all [] by Bali?**
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Current Status – Section II (S&DT)

- High expectations since July package
 - Annex D – S&DT should go **beyond transitional periods**
 - **Innovative S&DT** provisions expected
 - Important for **balancing the members' positions**
 - Section II → mainly covers **implementation flexibilities** for DCs and LDCs including **TA and capacity building and reporting obligations on TA**
 - DCs and LDCs' scheduling of commitments: **3 CATs – A, B, C**
 - **B & C with longer time periods** that are not specified but will be determined *ex post* on individual case basis
 - C → **compliance is conditional upon TA**
 - Provisions for '**early warning**' mechanism and **shifting between B and C**
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S&DT

- Progress to date
 - Very slow – **unchanged text (Revs, 17 & 18)**
 - DCs and LDCs – **lack of operational clarity and legal bindingness**
 - Developed countries – S&DT cannot be reason for not taking commitments
 - DCs and LDCs – for strong legal obligations for TA but developed countries find them difficult
 - Hence TA delivery obligations remain in soft language
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Issues for consideration

- ❑ Asking LDCs to take up commitments against the spirit of the DDA?
 - ❑ Categories A, B, C – LDCs will have to undertake binding commitments
 - ❑ Graduation out of LDC group and possible implications?
 - ❑ TA and support needed even before categorising the commitments
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Concluding remarks

- **Striking a balance** – to reach a deal on S&DT
 - If S&DT provides LDCs and DCs sufficient confidence, their position towards binding commitments may change
 - DCs and LDCs aim to achieve a greater alignment between Section I and II, to ensure that commitments are subject to up-front technical assistance
 - Is the current language on TA and S&DT strong enough?
 - It's not the legal language alone but **political will of donors**
 - **Complex coordination** of support provided (e.g. perception about AfT)
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Thank you
