

Highlights



Bangladesh and other LDCs should argue in favour of decoupling implementation of the decisions favouring the LDCs from completion of the Doha round. At the same time, Bangladesh should be proactively engaged in negotiations on new issues such as e-commerce, fisheries subsidies and MSMEs



Correlation of forces and coalitions in the WTO are changing: emergence of new players is shifting the balance of forces in the WTO; 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 groupings is becoming prominent; plurilaterals and mega-RTAs are set to dominate the global trade negotiations scenario



In pursuing negotiations in the WTO Bangladesh should keep the interests of graduating LDCs in the perspective



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WTO MC11 and Interests of Bangladesh as an LDC

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The Backdrop

The Eleventh Ministerial Conference of the World Trade Organization (WTO-MC11) took place in Buenos Aires, Argentina on 10-13 December 2017. Although the WTO process had lost momentum after the Bali MC9, there is no denying the fact that Least Developed Countries (LDCs), continue to have a high stake in a rule-based multilateral system (Rahman & Jahan, 2015). A globally enforced multilateral trading system, with its rules, regulations, disciplines, flexibilities and derogations, is preferred by the LDCs as it can better safeguard their interests compared to a system where the rules are set without consultation, and enforced without concern about the developmental interests of developing countries. The present Policy Brief is based on a study titled *Upcoming WTO MC11 and Interests of Bangladesh as an LDC* which was carried out by the CPD with a view to identifying the offensive and defensive interests of Bangladesh as an LDC in the context of then upcoming WTO-MC11. The paper provided important inputs for various events in connection with the Ministerial Conferences in which CPD professionals had participated, both in Bangladesh and in the sidelines of the MC11. The Policy Brief captures the key arguments and recommendations put forward by the CPD in its aforesaid report.

The Focus

The focus of the Policy Brief is to assess the context in which MC11 was taking place, articulates major areas of discussion at MC11, anticipate the offensive and defensive interests of Bangladesh and LDCs in view of this and come up with suggestions as to how best to strategise in this regard.

Key Issues

As may be recalled, following the setback of WTO MC3 in Seattle in 1999, the launching of the Doha Development Round (DDR) in 2001 had infused considerable enthusiasm among the developing and LDCs through renewed interest in the WTO. It is evident by now that the developments since then belied the early promises of Doha Development Agenda (DDA), and over the course of the next six Ministerials the initial expectations had been significantly toned down. True the Bali Ministerial (MC9) came up with an LDC package, and the Nairobi Ministerial (MC10) was able to salvage the WTO from collapse. It is in this backdrop that global leaders were heading to MC11. Some evinced optimism and hoped that a new life will be infused into the multilateral trading system at MC11; others, on the contrary, felt that it was perhaps time to abandon the lofty ambitions of the DDR and go for a new beginning. The challenge for the LDCs such as Bangladesh was to navigate these opposing developments and strategise as to how best to safeguard and secure their interests if any agreement/decision were to be reached at MC11.

A number of issues dominated the discourse in the run up to the MC11 - slow global economic recovery; increasing propensity of developed countries to pursue protectionist policies;

uncertainties as regards future of the Doha Round; new issues proposed by some members; proposals concerning systemic issues; new forms of future negotiations such as the Plurilaterals. Review of documents released by the WTO, analysis carried out by research and advocacy organisations which monitor WTO issues; opinion of experts have helped to frame the arguments put forward in this paper. For some LDCs such as Bangladesh and Nepal the duty free quota free (DF-QF) market access was paramount and implementation of the Hong Kong Ministerial decision was their topmost priority. However, lack of interest on the part of non-Asia-Pacific members (mainly African LDCs) did not permit the issue to be pursued in any meaningful manner. There was a hope to get a partial outcome on fisheries subsidy negotiation – at least elimination/banning of subsidies that encourage illegal, unreported and unregulated (IUU) fishing (South Centre, 2017). Services negotiations and services waiver for LDCs was on the discussion but there was little hope of a fruitful outcome in absence of convergence among the negotiating countries. Subsidy on public stockholding was the most discussed issue among issues under Agreement on Agriculture (AoA) – some form of outcome was anticipated concerning the temporary peace clause (DíazBonilla, 2014). Discussion on e-commerce was a most vibrant one prior to MC11. Proponents were keen to flag the issue at MC11 for discussion rather than for negotiation; opponents, however, thought any discussion was premature at this stage. Issues related to Micro, Small and Medium Enterprises (MSME) and Investment facilitation did make some ground in different platforms; however, there was no push from the proponents. Some members, mainly developed ones led by the US, evinced an interest to discuss the Single Undertaking principle of WTO's decision making process (nothing is agreed unless everything is agreed) and systemic issues such as those concerning the Plurilateral form of negotiations (Rahman, n.d).

In view of the emergent situation, a number of possible approaches and strategies are proposed which Bangladesh as an LDC could pursue in MC11 and beyond: (a) emphasis on the Doha Round deliverables; (b) arriving at an early harvest meaning that Bangladesh and other LDCs should argue for decoupling the implementation of the decisions favouring the LDCs from completion of the Doha round; (c) ensuring speedy implementation of the decisions favouring LDCs; (d) an appreciation of new dynamics, new players, new issues: for example, to be prepared for the eventuality that plurilaterals could dominate the WTO discussions; (e) remaining engaged with new issues such as e-commerce; (f) keeping dual identity of Bangladesh (lower middle income and LDC graduation in the perspective), (g) engaged in the discussion on Post-MC11 Work Plan.

Possible Negotiating Strategies

In line with the above, Bangladesh and other LDCs should pursue the following strategies in the context of the 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 start to dominate the negotiating agendas. In view of this, along with other LDCs and developing country members, Bangladesh should strongly argue in favour of not abandoning the development dimensions of the Doha Round and keep the pressure, on behalf of the LDCs that the deliverables agreed are delivered.

An early harvest: Bangladesh and other LDCs should argue in favour of decoupling the implementation of the decisions favouring the LDCs from completion of the Doha round. Decisions with regard to DF-QF market access, rules of origin (RoO), putting in place a monitoring mechanism for implementation of the S&D provisions, aid for trade facilitation and others should not be held hostage to negotiations on other issues and completion of the Doha Round.

Ensuring implementation of the decisions favouring LDCs: Whilst arguing for the early harvest Bangladesh should also strongly argue in favour of designing implementation modalities in respect of decisions of the earlier MCs. Of particular interest to the LDCs in this connection is the Services Waiver for the LDCs, decision with regard to TRIPS and Pharmaceuticals and the Bali package in support of the LDCs.

An appreciation of new dynamics, new players, new issues: Correlation of forces and coalitions in the WTO are changing and shifting at a fast pace—countries such as India and China are playing increasingly important role with their shifting focus and priorities; 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 negotiations scenario. In this backdrop, LDCs should not merely be silent takers, but should play a proactive role to take advantage of the new dynamics and build new coalitions. Bangladesh and other LDCs should argue that plurilateral negotiations should not neglect the development objects of trade and should be in tune with the spirit of the Doha Round. It is, thus, important to ensure that when LDCs are not part of this negotiations, S&D provisions get embedded in the plurilateral negotiations to safeguard the interests of the developing countries and the LDCs.

Being engaged with new issues: MC11 was expected to have a detailed discussion on a number of issues, including new ones. There was a possibility of having a decision on fisheries subsidies and some progress could be made with regard to the decision on public stockholding. MC11 was also expected to have some discussion on e-commerce, with agreement on setting up at least a working group on e-commerce. Bangladesh should remain engaged in these discussions and safeguard LDC interests by putting forward proposals in the form of S&D provisions, technical support and aid for trade.

Keeping in the perspective the dual identity: Bangladesh will need to be alert to its dual identity – as a current LDC which is slated for graduation, and as a non-LDC developing country in the medium term. Indeed, Bangladesh is not alone in having to keep this dual identity in the perspective. 15 LDCs are now in different stages of graduation from the group, in the course of the next few years. This entails a three-pronged strategy from Bangladesh: Three considerations emanate from this: (a) *Bangladesh should strongly argue at MC11 and beyond (and the country should be able to attract support of many other LDCs which are set to graduate in foreseeable future) that negotiations must be geared to support the process of their sustainable graduation through supportive decisions;* (b) *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;* (c) *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 as*

an LDC but also medium-term strategic trade interests as a developing country.

Engaging in the discussion on Post-MC11 Work Plan: It was highly likely that the Doha agenda would be revisited at MC11 and a post-Buenos Aires Work Plan would be discussed and agreed upon by members (Bellmann, 2017). 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. At the same time, it is advisable that Bangladesh has its future as a developing country, in near term future, on its radar screen.

Postscript

The WTO MC11 has already taken place in Buenos Aires. As it transpired in the end, MC11 failed to come up with an agreed

decision and no Ministerial Declaration was issued. Conflicting perspectives of some of the key players on a number of key issues were much in evidence from the very beginning of the Conference in Buenos Aires. These differences could not be bridged in the course of the four days of deliberations at MC11. Consequently, Ministers went back without any tangible results. However, progress was made with respect to a number of issues including e-commerce, fisheries subsidies and MSMEs. Indeed, this state of outcome was anticipated in the present policy brief, as is evidenced from the above discussion and the strategies put forward in the paper and the policy brief remain valid. Discussion has been initiated to prepare a post-MC11 Work Plan. In view of this: (a) LDCs must remain engaged in this discussions in Geneva by ensuring that issues of their interest and priorities get reflected in the Work Plan; (b) LDCs should try to build coalitions in support of concrete interest; (c) Bangladesh should take necessary preparations to firm-up its negotiating stance in view of the upcoming negotiations in Geneva in light of the Work Plan.

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The policy brief is based on the following study

This policy brief has been prepared on the basis of the research report titled *Upcoming WTO MC11 and Interests of Bangladesh as an LDC*. The report was authored by *Mustafizur Rahman*, Distinguished Fellow, CPD, *Debapriya Bhattacharya*, Distinguished Fellow, CPD and *Estiaque Bari*, Senior Research Associate, CPD. The author of the policy brief, *Mr Bari* can be reached at: estiaque.07@gmail.com

The report was prepared under the Think Tank Initiative Opportunity Fund (TTI-OF) programme being implemented by the Centre for Policy Dialogue (CPD), Dhaka and South Asia Watch on Trade, Economics and Environment (SAWTEE), Kathmandu.

The full report may be accessed at: <https://cpd.org.bd/advancing-ldcs-interests-wto/>

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