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Agenda item 5

**REVIEW OF DEVELOPMENTS AND ISSUES IN THE POST-DOHA
WORK PROGRAMME OF PARTICULAR CONCERN TO
DEVELOPING COUNTRIES**

(Agenda item 5)

President's summary

1. The Board conducted an in-depth review of developments and issues in the post-Doha work programme on 27 September 2006. The deliberations were frank, constructive and enlightening. The Secretary-General of UNCTAD opened the meeting, and there was then an address by the Director-General of the World Trade Organization (WTO). This was followed by an interactive debate with 31 interventions. The participation of many member States indicated the usefulness and unique value of the Board's review in facilitating independent and objective assessment, which build confidence and consensus on the important Doha negotiations, the multilateral trading system (MTS) and its potential for the attainment of internationally agreed development goals. Participants highlighted the timeliness of the Board's review, coming at a critical juncture after the suspension of the Doha negotiations in July 2006.

2. Participants expressed appreciation for the secretariat's background note (TD/B/53/5), which provided a concise, comprehensive and balanced analytical review and assessment of developments in the Doha negotiations from the perspective of developing countries since the Sixth WTO Ministerial Conference, held in December 2005.

Challenges arising from the suspension of the Doha round

3. The Board assessed the implications of the suspension of the Doha negotiations and discussed possible ways forward aimed at an early resumption of the negotiations. There was agreement that the suspension did not call into question the relevance and importance of the

WTO as the central pillar of the international trading system. Participants reiterated their commitment to the multilateral trading system and to the successful, ambitious, balanced and development-focused outcome of the Doha round. They indicated that the WTO must be vigorously supported since it established a rule-based system, which provided predictability, security and transparency in international trade relations that could not be replicated by any other trading arrangement.

4. Participants regretted the suspension of the Doha round, and expressed concern about the uncertainty created regarding the timing of its resumption, and the quality, ambition and balance in a possible final package. This uncertainty had been increased by domestic political processes such as the scheduled expiry of the US Trade Promotion Authority on 30 June 2007. It was stressed that there was little room for complacency and that the round was at risk and needed serious action. There remained a window of opportunity, albeit a small one, for concluding the round in 2007 if an early resumption took place between November 2006 and March 2007. The next few months would thus be crucial in this regard.

5. Many speakers highlighted agriculture as the major stumbling block. The view was expressed that the failure to conclude a deal in July 2006 was political in nature rather than economic, as an agreement had been within reach but the domestic politics involved were not propitious. As a result, there were diverging expectations regarding the “right exchange rate” in the key “triangle” of issues of market access and domestic support in agriculture, and non-agricultural market access (NAMA) issues. Others believed that the disagreement was rooted in economics. It was the last marginal increase in numbers that was politically difficult, although it was such an increase that mattered for real trade flows. Some noted that since domestic support in agriculture was inherently trade-distorting, a “dollar-for-dollar” exchange was not possible and greater reductions in domestic support were required. The question was how to reconcile the level of ambition and that of proportionality. Since the proposals on the table were already more significant than those in the Uruguay Round, it was stressed that the level of ambition deserved more attention, while the right proportion of contributions among the various players needed to be considered.

6. Participants noted that the suspension of the round had brought about a realization that the cost of failure would be disproportionately distributed across countries, particularly developing countries, and especially LDCs, small and vulnerable economies and other developing countries with special needs. Also, progress made in many development-related areas had been put on hold, thereby increasing opportunity costs for those areas. This was the case with duty-free and quota-free market access for LDCs, cotton and the elimination of agricultural export subsidies by 2013.

7. Some systemic implications of the suspension were highlighted. It was a temporary setback to the efforts to make the MTS more open, rule-based, fairer and more equitable. Concern was expressed about the possible resurgence of protectionism. The inability of the MTS to yield an agreement might cause the acceleration of bilateral and regional trade initiatives, with possible adverse implications for developing countries and the MTS. Another concern was the persistence of distortions created by agricultural subsidies, which could be addressed only by the WTO. There was also concern that there might be an increased number of more confrontational dispute cases.

Ways forward towards the resumption of the negotiations and beyond

8. Participants called for the earliest realistically possible resumption of the Doha round negotiations. It was stressed that all countries had the responsibility to demonstrate renewed political will and additional flexibilities commensurate with their capacity to restart the round, but the key players needed to play the leadership role. Participants expressed their willingness to do their part and called upon others to do the same. It was noted that the question was not one of “who moves first”; rather, everyone had to work together to make possible a collective movement so as not to miss the historic opportunities provided by the Doha round. Many participants emphasized that the negotiation process should genuinely ensure transparency, inclusiveness, and a participative and bottom-up approach, so as to reflect the WTO’s growing membership and its members’ diversity of interests.

9. Participants stressed that the question was not whether, when or on what basis to restart the negotiations, but how. It was emphasized that the right conditions needed to be in place for the resumption of the negotiations to lead to a successful conclusion. This required “political heavy lifting” domestically, and critical negotiations and consultations had to take place among domestic stakeholders so as to explore the possibility of shifting from entrenched positions. Genuine policy reform would also be required. The importance of quiet diplomacy, deep reflection and the exploring of options was highlighted, so as to enable the right balance to be struck between ambitions and realism. Many concurred about the need for the resumption of negotiations to be based on the existing mandates as provided by the Doha Declaration, the July 2004 Package and the Hong Kong Ministerial Declaration, and on building upon offers made up to July; reopening those instruments or going back would not be an option.

10. An early resumption was deemed important for maximizing the round's contribution to the achievement of the MDGs and the fight against poverty. The cost implication of participating in protracted negotiations for resource-poor developing countries was raised. Many participants expressed concern that the progress on some development issues had been put on hold. As regards Aid for Trade (AfT) and the Integrated Framework (IF), there was a general consensus that they did not form part of a single undertaking, and thus work could move forward on a fast-track and stand-alone basis. The view was expressed that work could also be advanced on duty-free and quota-free market access for LDCs and on cotton issues and other key development priorities.

11. It was stressed that the round's suspension should not lead to a lowering of ambitions in the development dimension of the round. This entailed increased market access and entry opportunities for developing countries, matched by “good policy space”, and enhanced supply and production capacity, competitiveness and trade-related infrastructure. The greatest gains would come from improved market access. Many speakers highlighted the centrality of agriculture and its close link with development, given that the world’s poor relied on agriculture for their income and subsistence. The need to ensure food security, livelihood security and rural development through special products and special safeguard mechanisms in agriculture was stressed. The view was expressed that flexibilities should not lead to pure protectionism. Other speakers stated that development should not be equated with liberalization at all costs but should reflect the concerns of all countries, particularly the weakest and most vulnerable. Special problems faced by net food-importing developing countries and preference-dependent countries needed to be addressed.

12. The importance of achieving a comparable degree of ambition and balance in agriculture and NAMA was stressed, with account being taken of adjustment costs that would arise for developing countries. It was emphasized that progress in services negotiations was important, particularly in Mode 4 — financial, energy, distribution and logistics services— as highlighted by UNCTAD's expert meetings. UNCTAD's work on infrastructural services was greatly appreciated. Progress in other areas was also important in achieving a balanced and ambitious outcome across the negotiations, including special and differential treatment, implementation issues, trade facilitation, and rules such as those relating to fishery subsidies and anti-dumping.

13. It was generally agreed that developing countries needed enhanced support to build supply capacities, competitiveness and trade-related infrastructure in order to benefit from the results of the Doha round. The AtF initiative was considered crucial in this regard. Many participants stressed that UNCTAD's unique competence and expertise in trade-related capacity building had made it the logical partner in that initiative, and thus called for the organization's active engagement in, and contribution to, its conceptualization, operationalization and implementation.

14. Many participants noted the growing importance of South–South trade and called for it to be strengthened, including through the conclusion of the third round of negotiations under the Global System of Trade Preferences among Developing Countries. UNCTAD was requested to play a strong leadership role in supporting South–South trade, including through the exchange of successful experiences across the regions. Several participants highlighted the special challenges faced by developing countries and economies in transition in the process of WTO accession, and highly commended UNCTAD's support in this area.

UNCTAD's contribution

15. Participants commended UNCTAD's role in ensuring development gains from the international trading system and trade negotiations, based on the São Paulo Consensus. UNCTAD had, at a critical juncture, contributed positively to the Doha negotiations, including the July 2004 Package. As the UN's focal point for the integrated treatment of trade and development, with its universal membership and broad-based expertise, it could continue to make an important and catalytic contribution to the Doha round and developing countries' engagement. UNCTAD's consensus-building role was hailed as important, including its role in promoting greater systemic coherence between the trading and financial systems. The Board's deliberations on the Doha negotiations were considered to be particularly useful and critical in raising awareness of developmental issues and reinforcing mutual confidence and understanding on action needed to advance dialogue and negotiations in the Doha round. The importance of UNCTAD's normative function was stressed. Many speakers expressed appreciation for UNCTAD's work on trade negotiations and trade-related technical assistance in the areas of multilateral and regional trade negotiations, services, market access, WTO accession, JITAP, IF, and assistance to Africa and its regional groupings in the areas of trade in services, development benchmarks and impact assessments, the trade and development index, and rules and dispute settlement. The need for the further strengthening of work in those areas and for increased donor support was stressed.