

Doha Development Agenda

by Syed Habib Ahmed



UPDATE ON DOHA DEVELOPMENT AGENDA:

(Talking Points)

- ✍ To maintain the process of reform and liberalization of trade policies
- ✍ System plays its full part in promoting recovery, growth and development
- ✍ Reaffirm the principles and objectives of the Marrakech Agreement
- ✍ Pledge to reject the use of protectionism
- ✍ Objectives of the Marrakech Agreement: raising standards of living, ensuring full employment and to growing volume of real income and effective demand, expanding the production of trade in goods and services
- ✍ The Marrakech Declaration aimed at strengthening the world economy through trade, investment, employment and income growth by providing a stronger and legal framework of international trade rules including a more effective and reliable dispute settlement mechanism
- ✍ The needs and interests of developing countries are placed at the heart of the Doha work programme
- ✍ Efforts designed to secure a share in the growth of world trade for the developing countries and the LDC's through enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity building programmes.



DOHA WORK PROGRAMME

-Implementation related issues

- The Geneva ministerial declaration recognises that Implementation related issues are important for the developing countries. These issues are those ones which developing countries and LDC's have indicated through various proposals viz a viz problems which they are facing in implementing the Uruguay round agreements
- The Doha work programme agrees that negotiations on outstanding implementation issues shall be an integral part of the work programme
- In terms of the July package one can see that not much progress has been made on this agenda, i.e. no decisions have yet been taken on the host of issues. The language in the July package basically talks of renewing Members determination and redoubling efforts to find appropriate solutions to out standing issues. DG to continue his consultative process. Inclusion of GI issue has hijacked the implementation related issues.

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Agriculture

-The Mandate from Doha declaration and Article 20 of the AoA sets the long term objective of the reform process to establish a fair and market oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets.

-Commitment to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade distorting domestic support.

The AoA under the Uruguay Round no doubt is an attempt to terminate the long lasting specific treatment of Agriculture by providing the first detailed multilateral framework and bringing it under the normal GATT rules and disciplines.

- While establishing a basis for initiating a process for reform of trade in Agriculture, the Agreement sets out the following six objectives:



- i) To provide a fair and market oriented agricultural trading system
- ii) To provide a framework for equitable commitments for substantial progressive reductions in agricultural support and protection so as to correct and prevent restrictions in world agricultural markets.
- iii) To provide for Special and Differential Treatment for developing countries by taking fully into account, the particular needs and conditions of developing country members
- iv) To provide for some framework to take into account the non-trade concerns including food security and the need to protect the environment
- v) To provide for a mechanism to ensure that the implementation of the Agreement and the reform programme do not impact negatively on the LDC's and the Net Food Importing Developing Countries (NFIDC's)
- vi) To provide for continuation of the reform process resulting in further trade liberalisation as envisaged in Article 20 of the Agreement.

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? What did the AoA achieve?

In a nutshell, the AoA did accomplish the following:

- ✍ First step towards reforming agriculture trade by establishing a framework of rules and initiating a process of reduction in production and trade distorting support
- ✍ For the first time Members committed to reducing agricultural export subsidies and trade distorting domestic support
- ✍ Undertook tariffication of all non-tariff measures to their tariff equivalents
- ✍ The AoA was a significant legal development though it had modest practical impact on liberalisation of agricultural trade. However, through the measures mentioned above, the process was started with the long term objective of establishing a fair and market oriented agricultural trading system.
- ✍ Most important achievement of the AoA was the commitment of Members to start negotiations to continue the reform process (Art 20 of the AoA)

Modalities for negotiations in terms of the DMD were to be established by 31 March 2003.



Framework for Establishing Modalities in Agriculture:

The starting point for the current phase of the agriculture negotiations has been the mandate set out in Para 13 of the DMD-----

The elements below offer the additional precision required at this stage of the negotiations and thus the basis for the negotiations of full modalities in the next phase. The level of ambition set by the Doha mandate will continue to be the basis for the negotiations on Agriculture.

The final balance will be found only at the conclusion of these subsequent negotiations and within the single undertaking.

The Three Pillars of the negotiations form an interconnected whole.

- 1) Domestic Support
- 2) Export Competition
- 3) Market Access

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Cotton ----- The GC recognises the importance of cotton for a certain number of countries and its vital importance for developing countries, especially LDC's. It will be addressed ambitiously, expeditiously, and specifically, within the agriculture negotiations.



1) The DMD calls for substantial reductions in trade distorting domestic support.

-S&D treatment remains an integral component of domestic support. Modalities to be developed will include longer implementation periods and lower reduction coefficients for all types of trade distorting domestic support and continued support and access to the provisions under Article 6.2.

2) The Doha M D calls for reduction of, with a view to phasing out, all forms of export subsidies. As an outcome of the negotiations, Members agreed to establish detailed modalities ensuring the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect by a credible date.

Developing countries will benefit from longer implementation periods for the phasing out of all forms of export subsidies.

3) The D M D calls for substantial improvements in market access with S&D treatment for developing country Members remaining an integral part of all elements in the negotiations. Having regard to the rural development, food security and livelihood security needs of developing countries S&D treatment would be applicable in all aspects of the negotiations, including tariff reduction formula, the number and treatment of sensitive products, expansion of TRQ's and implementation periods.

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Implications for Pakistan

- ? The overall reduction of trade distorting domestic support and review of blue/green box criteria is in line with proposals of developing countries although the flexibility retained in blue box is against the expectations of developing countries.
- ? The proposal that higher levels of domestic support would be reduced with greater cuts is beneficial for Pakistan particularly when extended to developing countries as well, which means that even developing countries using greater domestic support will have to reduce with higher cuts. Since among developing countries Pakistan provides very small domestic support therefore across-the-board provisions for any substantial reduction will suit Pakistan.
- ? All the provisions for export competition are in line with earlier demands of developing countries and suit Pakistan. Therefore Pakistan may support these proposals.
- ? Pakistan's basic objective has been that market access opportunities are increased for agricultural products primarily through tariff reduction and that tariff peaks, tariff escalations should be eliminated. The framework, to a large extent, promises a step toward this direction. However following points may be considered.



- ? The concept of 'sensitive product' has the effect of providing an S&D treatment to the developed countries. If, for example, a developed country selects sensitive products of export interest to the developing countries although it may reduce tariffs on other products of less importance for the developing countries, then it would actually tantamount to squeezing market access opportunity instead of liberalizing. Selection of the sensitive products for developed countries, if inevitable, should be subject to stringent selection criteria.
- ? The idea of SP products and SSM is important for providing protection to poor farming community against cheap imports. It may be noted that basic concept of concession for SP is that there would be no or a minimal tariff reduction requirement and, in addition, no requirement of TRQ expansion. But in the July framework the proposal of nil or very low reduction rate for SP is absent. Pakistan may ask for no reduction requirement from developing countries on SP.
- ? Moreover the concepts of Special Products, Special Safeguard Mechanism and Sensitive Products have been made interrelated and interdependent for seeking 'coherence' in these three {paragraph 41}. This apparently implies that developing countries would not be at ease in selecting SP as they expected earlier; for any flexibilities in SP (and SSM) the developed countries would ask for some quid pro quo in the form of sensitive products for them. SP & SSM concept should be kept solely for the developing countries independent of the sensitive products.

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SERVICES

Article xix of the GATS mandates Members to enter into successive rounds of negotiations with a view to achieving a progressively higher level of liberalisation. This process shall take place with a view to promoting the interests of all participants on a mutually advantageous basis and to securing an overall balance of rights and obligations.

The process of liberalisation shall take place with due respect for national policy objectives and the level of development of individual Members, both overall and in individual sectors.

There shall be appropriate flexibility for individual developing country Members for opening fewer sectors, liberalising fewer types of transactions, progressively extending market access in line with their development situation and attaching market access conditions aimed at achieving the objectives of Art iv i.e. strengthening their domestic services capacity, efficiency and competitiveness through access to technology, The improvement of their access to distribution channels and information networks, the liberalisation of market access in sectors and modes of supply of export interest to them.



The Doha Mandate:

Para 15 of the DMD primarily reaffirms the objectives of Articles xix and 1v, gives recognition to the work already undertaken in the CTS, reaffirms that the basis of negotiations would be the negotiating guidelines and procedures adopted by the CTS in March 2001. A time frame was also envisaged for submission of initial requests and offers. i.e. 30 June 2002 and 31 March 2003 respectively.

July Package:

The July package takes note of the progress made in the services negotiations

In line with the Doha mandate and adopts recommendations made in the Annex C, calling upon the Membership to table their revised offers by May2005.

What is set out in Annex C?

The emphasis in the Annex is on submission of initial offers by those who have not yet done so, and for those who have already made their offers to make revised and improved offers or high quality offers, particularly in sectors and modes of supply of export interest to developing countries with particular interest in Mode 4.

- Intensification of efforts to conclude negotiations on rule making.
- Implications for Pakistan viz a viz the ongoing market access negotiations. Offensive and defensive interests.

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Market access for non-agricultural products (NAMA)

Para 16 of the DMD spells out the scope and coverage of the NAMA negotiations.

- Agree to negotiations, by modalities to be agreed.
- To reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalations, as well as non tariff barriers, in particular on products of export interest to developing countries.
- Product coverage shall be comprehensive and without a priori exclusions.
- Special needs and interests of developing and LDC's to be taken into account, including through less than full reciprocity in reduction commitments.



Annex B; Framework for Establishing Modalities in Market Access for Non-Agricultural Products

The framework contains initially elements for future work on modalities.

- ✍ Additional negotiations are required to reach agreement on the specifics i.e. relating to the formula, the treatment of unbound tariffs, the flexibilities for developing country participants, the issue of participation in the sectorial tariff component and the issue of preferences.
- ✍ Recognise that a formula approach is key to reducing tariffs, and reducing or eliminating tariff peaks, high tariffs, and tariff escalation.
- ✍ NG should continue its work on a non-linear formula applied on a line by line basis taking fully into account the special needs and interests of developing countries, including through less than full reciprocity in reduction commitments
- ✍ Product coverage shall be comprehensive without a priori exclusions
- ✍ Tariff reductions or elimination shall commence from the bound rates... for unbound tariff lines the basis shall be [two] times the MFN applied rate
- ✍ Credit shall be given for autonomous liberalisation by developing countries
- ✍ All non advalorem duties shall be converted to ad valorem equivalents
- ✍ Developing country participants shall have longer implementation periods for tariff reductions.

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In addition, they shall be given the following flexibility:

- a) Applying less than formula cuts to up to [10] percent of the tariff lines provided that the cuts are no less than half the formula cuts and that these tariff lines do not exceed [10] percent of the total value of a Member's imports; or
- b) Keeping, as an exception, tariff lines unbound, or not applying formula cuts for up to [5] percent of tariff lines provided they do not exceed [5] percent of the total value of a Member's imports.

We furthermore agree that this flexibility could not be used to exclude entire HS Chapters.



- ⌘ Pending agreement on core modalities for tariffs, the possibilities of supplementary modalities such as zero-for-zero sector elimination, sectorial harmonization, and request & offer, should be kept open.
- ⌘ We recognize the NTBs are integral and equally important part of these negotiations and instruct participants to intensify their work on NTBs. In particular, we encourage all participants to make notifications on NTBs by 31st October 2004 and to proceed with identification, examination, categorization, and ultimately negotiations on NTBs.
- ⌘ We recognize that appropriate studies and capacity building measures shall be an integral part of the modalities to be agreed.

We recognize the challenges that may be faced by non-reciprocal preference beneficiary Members and those Members that are at present highly dependant on tariff revenue as a result of those negotiations on non-agricultural products.

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Implications for Pakistan

- ✍ Pakistan has been a demandour on initiation of negotiations on industrial tariffs.
- ✍ Pakistan 's main exports on industrial side are hard hit because of the prevalence of high tariffs and non-tariff barriers.
- ✍ Pakistan on the other hand has been reducing on its tariffs by virtue of various tariff reforms and rationalization processes.
- ✍ In addition to reduction of tariffs we have also been engaged over a period of time in elimination of non-tariff barriers.
- ✍ We are seeking to negotiate reductions in tariffs as well as elimination of non-tariff barriers during the course of the on going negotiations.

Pakistan has both offensive and defensive interests in these NAMA negotiations.



Singapore Issues

Ministers at the Singapore Ministerial Conference mandated the membership to explore the possibilities of having multilateral agreements on 4 issues i.e. Trade and investment, trade and competition policy, transparency in government procurement and trade facilitation.

Doha Mandate on Trade Facilitation:

“Recognising the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations. In the period until the fifth session, the Council for Goods shall review and as appropriate, clarify and improve relevant aspects of Articles v, viii and x of the GATT 1994 and identify the trade facilitation needs and priorities of members, in particular developing and LDC's. We commit ourselves to ensuring adequate technical assistance and support for capacity building in this area”

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After undergoing intensive negotiations since 1996 and keeping the Doha Mandate also at the backdrop we see that the July Package has culminated in with an agreement that 3 of the 4 issues i.e. investment, competition and government procurement will not form part of the work programme set out in the Doha Declaration and therefore no work towards negotiations on any of these issues will take place within the WTO during the Doha round.

Trade facilitation: It has been so agreed by explicit consensus to commence negotiations on the basis of the modalities set out in Annex D of the July Package.



Annex D

Modalities for Negotiations on Trade Facilitation

- ⌘ Negotiations shall aim to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit.
- ⌘ The results of the negotiations shall take fully into account the principle of special and differential treatment for developing and least -developed countries. In particular, the extent and the timing of entering into commitments shall be related to the implementation capacities of developing and least-developed Members. It is further agreed that those Members would not be obliged to undertake investments in infrastructure projects beyond their means.
- ⌘ As an integral part of the negotiations, Members shall seek to identify their trade facilitation needs and priorities, particularly those of developing and least -developed countries related to cost implications of proposed measures.

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- ✍ It is recognised that the provision of technical assistance and support for capacity building is vital for developing and least -developed countries to enable them to fully participate in and benefit from the negotiations.

- ✍ Support and assistance should also be provided to help developing and least -developed countries implement the commitments resulting from negotiations, in accordance with their nature and scope. In this context, it is recognized that negotiations could lead to certain commitments whose implementations would require support for infrastructure development on the part of some Members.

- ✍ In order to make technical assistance and capacity building more effective and operational and to ensure better coherence, Members shall invite relevant international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank to undertake a collaborative effort in this regard.

TF: Case for Pakistan: What do we gain? What have we done for TF?