



# Building convergence in the WTO on a Strategic Approach to S&D

---



# A. Current trajectory of Negotiations is unproductive

---

- Of 88 S&D Proposals
  - 28 can be harvested => Value Questioned?
  - Failure = Reduced Confidence in the System!?
- 1. Change in Objective Conditions
  - integration of developing countries
  - membership of WTO



# A. Current trajectory of Negotiations is unproductive

- Status of Current Debate: Polarization

Graduation and Focus on LDCs	MFN S&D
Compliance with Rules => Best for Integration and Development	Development Broadly Conceived => Flexible Rules
WTO Ambit Narrowly Defined	WTO to address Development problems: - Supply - Infrastructure - Implementation Costs



# B. Need to Build Convergence

---

- Review (1) substance and approaches and (2) process
- Build Convergence and Guiding Principles:
  - Fair/Equitable Market Access
  - Balanced Rules
  - Pro-Development
  - Coherence



## **C. Platform to Advance Constructive Dialogue and Negotiations for Successful Development Round.**

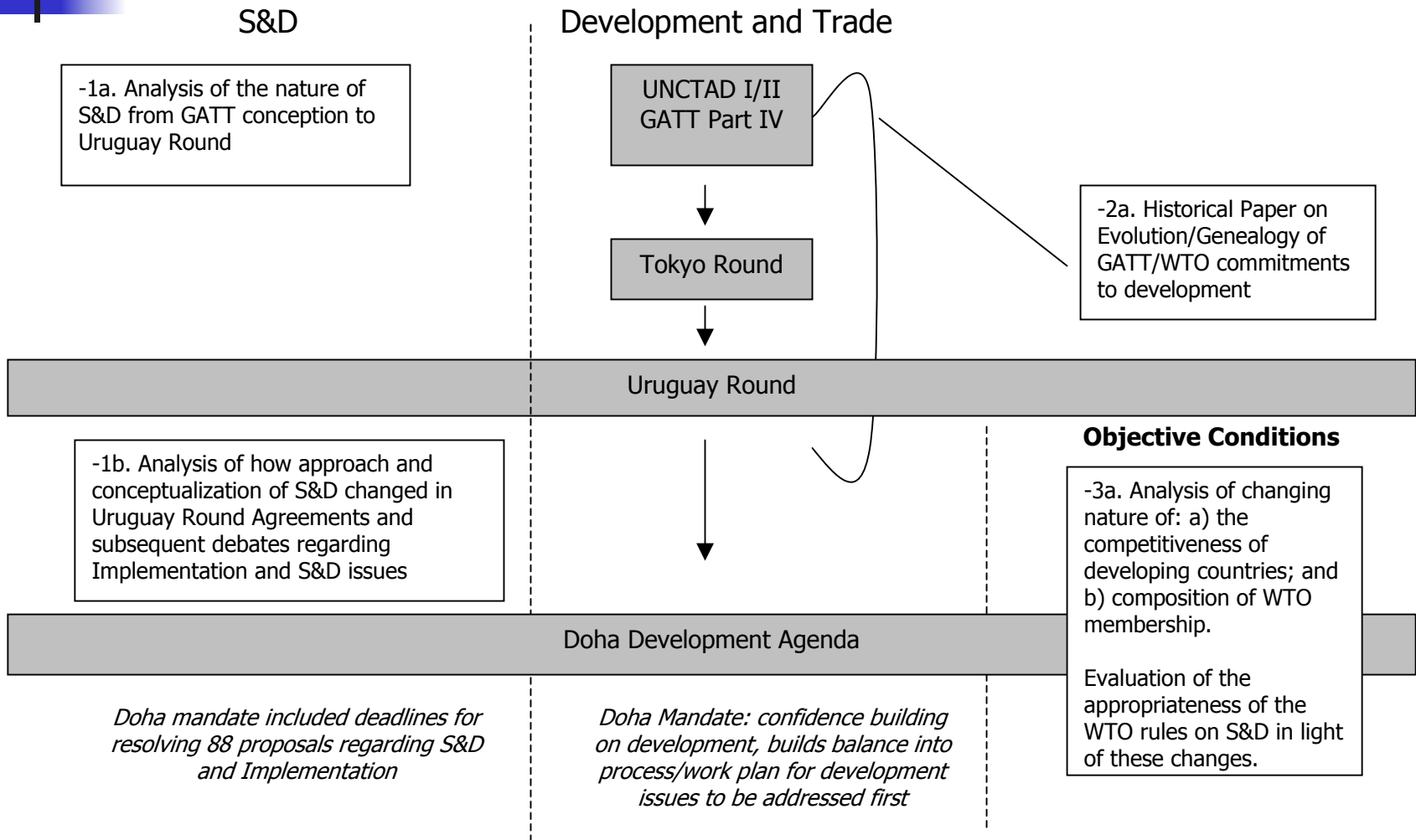
---

- “New” S&D
- DDA—Market Access
- DDA—Balanced Rules
- Plus broader development issues





# Special and Differential Treatment: Substantive issues



# Special and Differential Treatment: Substantive Issues – cont.

Cancun

## 1. Broad Analysis

Analyses of underlying problems facing developing countries compared with discussion of S&D rules. Highlight the GAPS that exist between the two, and delineate the contours of the resulting conceptual problematique.

*1a. Analysis of the value of the Cancun "Early Harvest" package on S&D.*

*1b. Assessment of When to Harvest Package*

## 2. Develop Framework

Develop Conceptual Framework with:

- Vision
- Approach
- Guidelines
- Solutions

OECD, G8,  
UNCTAD XI

## 3. Specific Analyses of:

a) particular issues; b) proposed solutions; AND c) general strategic approaches and guiding principles

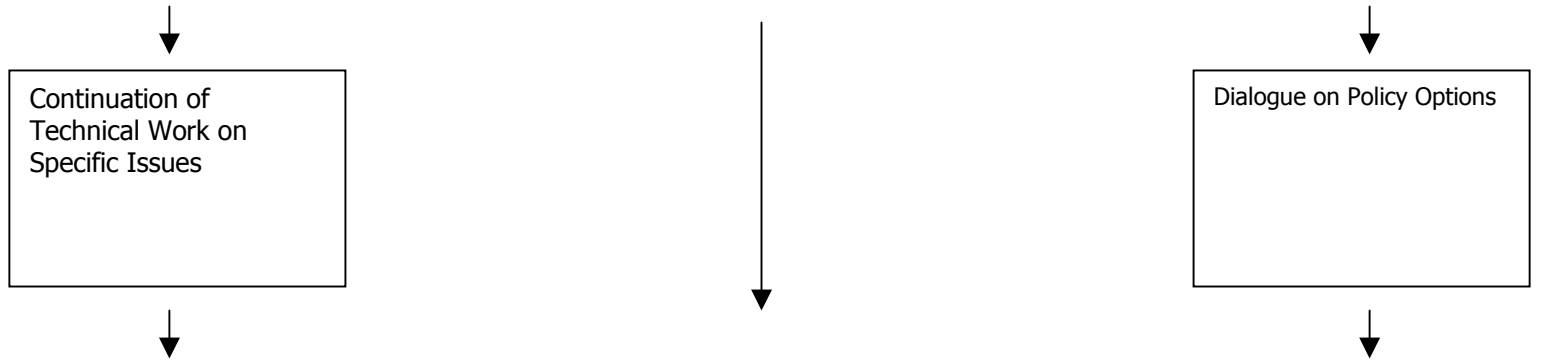
*3a. Generate Common Approach by Developing Countries to the Above*

*3b. Generate Convergence of Approach by Developed and Developing Countries*

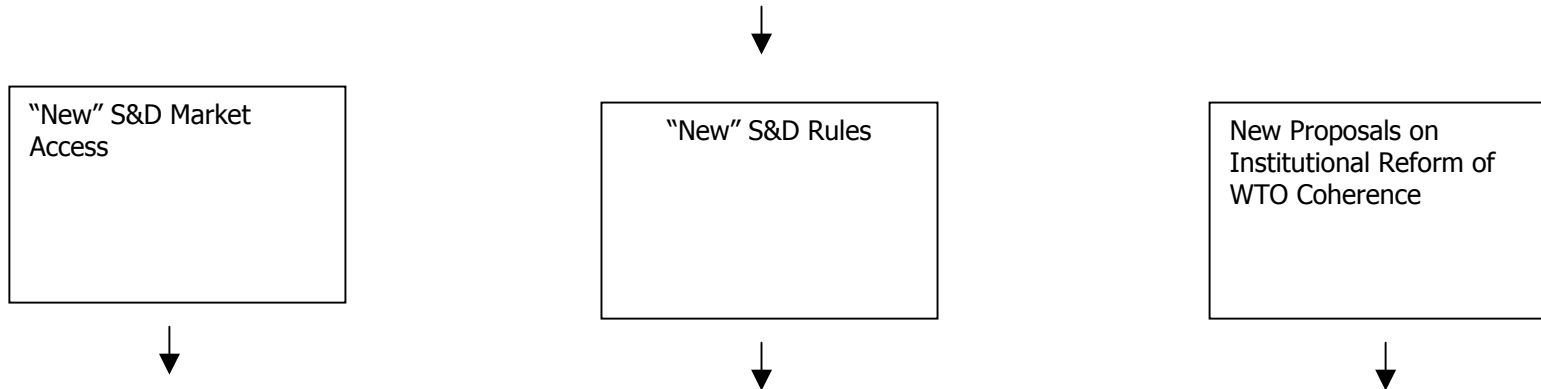
# Special and Differential Treatment: Substantive Issues – cont.

**JULY 2004:**

General Council/Ministerial



**DEC 2004:**



**END OF ROUND:**

**Doha Development Agreement**



# Trade-Related Development Challenges of Developing countries

---

1. Poverty/income distribution ➤ MDGs
2. Diversification ➤ 50 countries: 1-3 commodities
3. Market Access
  - a) Meaningful Access
    - Agriculture
    - Textiles
    - GATS
    - + Appropriate S&D



# Trade-Related Development Challenges of Developing countries (Cont.)

---

## 3. Market Access (cont.)

### b) Address NTBs

- Rules
- Anti-Dumping
- SPS
- TBT



# Trade-Related Development Challenges of Developing countries (Cont.)

---

## 4. Implementation issues (TRIPS, TRIMS, GATS)

a) Cost-Benefits mismatch

b) Policy Space – for Industrial Policy

# Trade-Related Development Challenges of Developing countries (Cont.)



---

## 5. Capacity Building

a) Supply Capacity

b) Institution Building

- Innovation

- Regulatory

- + Implementation capacity/  
technical assistance

- + Technology transfer



# Development Issues on Cancún Agenda

---

- LDCs
- Small economies
- Commodities
- Capacity Building
- Coherence
- Trade and Technology Transfer
- Trade, Debt and Finance
- Implementation issues
- Special & Differential Treatment
- Market Access Negotiations & Rules
  - S&D

# Underlying Challenges for WTO raised by 88 S&D proposals

- A development Approach, Policy options and Technical Implementation Proposals

Underlying Challenge for WTO	A Development Approach	Policy Option	Technical Implementation Proposals
<i>Policy Space</i>			
	<ul style="list-style-type: none"> <li>■ Guided by development objectives and address market failures &amp; increase govt. accountability for trade policies</li> <li>■ Implementation based on capacity &amp; development priorities</li> <li>■ Based not on compliance, but on enabling development</li> <li>■ Policy space ↔ Rules-based system (Global public good)</li> <li>■ <u>Common rules</u> for developing countries – need to be balanced, fair and pro-development. In addition mechanisms for flexible application to address specific needs of more vulnerable and poorer developing countries</li> </ul>	<ul style="list-style-type: none"> <li>■ Voluntary co-operation of national govts &amp; international agencies</li> <li>■ Quick, fast-track response to specific needs for flexibility</li> <li>■ Peer review</li> <li>■ "monitoring mechanism</li> </ul>	

# Underlying Challenges for WTO raised by 88 S&D proposals (cont.)

Underlying Challenge for WTO	A Development Approach	Policy Option	Technical Implementation Proposals
<i>Market Access</i>			
<b>1. Address Constraints to Market Access - NTBS</b> <ul style="list-style-type: none"> <li>■ SPS</li> <li>■ TBT</li> <li>■ Rules of Origin</li> </ul>		Mechanism in WTO  Technical Assistance  Relaxation of Binding Contract	Fast-track appeals procedure
<b>2. Address Erosion of Preferences</b>	Assess (quantify) impact for individual countries and develop adjustment support mechanisms	Adjustment support  Market Access in other areas of interest including Mode IV	
<b>3. Address S&amp;D in current DDA Negotiations &amp; Expand Market Access</b> <ul style="list-style-type: none"> <li>■ General</li> </ul>	Expand market access for products of interest to developing countries; address tariff escalation and tariff peaks  Agreement-specific and sector-specific according to need		

# Underlying Challenges for WTO raised by 88 S&D proposals (cont.)

Underlying Challenge for WTO	A Development Approach	Policy Option	Technical Implementation Proposals
<i>Market Access</i>			
<p><b>3. Address S&amp;D in current DDA Negotiations &amp; Expand Market Access (cont.)</b></p> <ul style="list-style-type: none"> <li>■ Specific Negotiations</li> </ul>	<p>Differences in economic structure may require differentiated offers by developing countries</p> <p>a. Agriculture Countries with larger agricultural bases, largely small farmer- and subsistence-based that are not competitive and more vulnerable may require to make lesser offers with more safeguards</p> <p>b. NAMA Less-developed, developing countries that are not LDCs, especially those who have already reduced barriers on a unilateral basis (under SAPs – IMF/WB) may want to make less reductions. Is a differentiated offer by these countries more viable to allow them to adjust and integrate more effectively into world economy?</p>		

# Underlying Challenges for WTO raised by 88 S&D proposals (cont.)

Underlying Challenge for WTO	A Development Approach	Policy Option	Technical Implementation Proposals
<i>Market Access</i>			
<b>3. Address S&amp;D in current DDA Negotiations &amp; Expand Market Access (cont.)</b>	c. Services Does the above approach apply to Services? Could It be that we need to differentiate at a sectoral level – recognising sectoral competitiveness?		
<i>Capacity Building</i>			
	<p>Link to Rules</p> <p>Needs to be balanced with DSU obligations</p> <p>Translate best endeavours into secure commitments</p> <p>Develop “coherence” with other agencies at national and multilateral level</p> <p>Identify supply-side support</p>	<p>Integrated Framework/LDC ➤Address Policy Development</p> <p>Need to increase funding and implement of IF</p> <p>Increase “coherence” and co-operation with other agencies e.g. on SPS issues (FAO/WB/WTO)</p> <p>Monitoring mechanism to tailor-make support</p>	

# Underlying Challenges for WTO raised by 88 S&D proposals (cont.)

Underlying Challenge for WTO	A Development Approach	Policy Option	Technical Implementation Proposals
<i>Governance and Full Participation</i>			
	Make multilateral trading system a Global Public Good <ul style="list-style-type: none"> <li>- Inclusiveness of developing countries in decisions and implementation (e.g. DSU)</li> <li>- Increase ownership</li> <li>- Increase transparency</li> </ul>	Code of Good Practice	
<i>Commodities</i>			
	Compliance approach <ul style="list-style-type: none"> <li>- Supply side</li> <li>- Volatility</li> <li>- NTBs</li> </ul>	Commodity Risk Management  Monitoring Mechanism to apply country-specific approach  Coherence: Tariff escalation, Technology Transfer	
<i>Technology Transfer (TT)</i>			
	Address Market Failure <ul style="list-style-type: none"> <li>- National</li> <li>- OECD</li> <li>- Multilateral</li> </ul> Incentivize forms of TT	Tax breaks to incentivize firms  Increase Mode IV access	

# Underlying Challenges for WTO raised by 88 S&D proposals (cont.)

Underlying Challenge for WTO	A Development Approach	Policy Option	Technical Implementation Proposals
<i>DSU</i>			
	<ul style="list-style-type: none"> <li>■ Address cost of litigation</li> <li>■ Address policy flexibility to areas that cause failure to comply</li> <li>■ Adjust rules permanently where necessary</li> </ul>	<p>Create internal capacity – legal aid is band aid</p> <p>Increase funding for multilateral support</p>	
<i>LDCs</i>			
	<ul style="list-style-type: none"> <li>■ Enable integration</li> <li>■ Greater flexibility and development support</li> <li>■ Increase integration through gradual participation in rules-based system</li> </ul>	<p>IF</p> <p>Monitoring mechanism</p>	
<i>Small Economies</i>			
	<ul style="list-style-type: none"> <li>■ Enable integration</li> <li>■ Greater flexibility and development support</li> <li>■ Increase integration through gradual participation in rules-based system</li> </ul>	<p>IF</p> <p>Monitoring mechanism</p>	

# Issues that need addressing to strengthen Developing Country unity

<b>Issue</b>	<b>Potential Divide</b>	<b>Policy Approach</b>
<i>Market Access</i>		
Existing Preferences	Discriminatory Preferences (e.g. GSP)	More-developed developing countries could make greater market access commitments in WTO
Erosion of Preferences	Some could suffer negative short term impact	Preferences could be provided to LDCs
NFIDCs	Some could suffer short-term impact	GSTPs/FTAs
SP/SSM	Defensive measures to protect more vulnerable economies could prevent market access for others	Balanced rules with objective criteria to limit protection of areas of real need

# Issues that need addressing to strengthen Developing Country unity

<b>Issue</b>	<b>Potential to Divide</b>	<b>Policy Approach</b>
<i>Market Access (cont.)</i>		
Market Access offers by Developing countries	Some developing countries are less competitive and more vulnerable to increased liberalisation in Agriculture, NAMA and Services	A differentiated approach to market access negotiations will allow more vulnerable economies to make reduced commitments
<i>Rules</i>		
Waivers	Fast track – automatic waivers could prejudice other developing countries	
Anti-Dumping	Increased use/abuse by developing countries against each other	Co-operate to reduce discretion in disciplines