

Outline of Presentation

- Background to the Doha Development Agenda
- Key issues under negotiations in the various areas – agriculture, NAMA, services, etc.
- Proposals of Chairpersons to bridge
 Members' positions on the key issues
- The Way forward

The DDA Negotiations

- Trade Round launched in Doha (Qatar) at Fourth WTO Ministerial Conference, November 2001
- Previous failure in Seattle, USA in December 1999
- Concerns of developing countries marginalisation in the MTS, lack of transparency and inclusiveness
- Members resolved to place needs and interests of developing countries at heart of negotiations
- Work Programme: 2 tracks negotiating issues under the TNC, and non-negotiating issues under the General Council – work being carried out in various WTO bodies

Areas Under The Negotiations

- Agriculture (Including Cotton)
- Services
- Non- Agricultural Market Access
- TRIPS (GIs Register)
- WTO Rules (AD, Subsidies, RTAs)
- DSU → outside Single-Undertaking
- Trade and Environment
- Special and Differential Treatment
- Trade Facilitation
 - *Single Undertaking Nothing is agreed until everything is agreed

DDA Negotiations: Key Reference Materials

- Doha Declaration (WT/MIN/(01)/DEC/1)
- August 2004, General Council Decision (WT/L/579)
- Hong Kong Declaration (WT/MIN(05)/DEC)
- Draft Agriculture Modalities (TN/AG/W/4;1 August 2007)
- Draft NAMA Modalities (Job(07)/126; 17 July 2007)

State of Play

- Negotiations were supposed to have been concluded by 1 January 2005
- Modalities for agriculture and NAMA were to have been agreed by March 2003
- Deadline was missed. Efforts to agree on the modalities in Cancun, Mexico in September
 2003 also failed
- > A framework agreement reached in July 2004
- Efforts to reach agreement on full modalities in July 2005 failed
- Objective to achieve full modalities also proved elusive at the Hong Kong Ministerial Conference in December 2005

State of Play

- After intensive consultations in the first half of 2006, the negotiations were suspended in July 2006
- They were resumed in Feb 2007, but agreement on modalities for agriculture and NAMA have still proved elusive
- Members' positions on the key issues in agriculture and NAMA have not significantly evolved preventing progress across the board
- Currently no deadline for the conclusion of the negotiations

Key Issues in Agriculture under the three pillars

Market Access

Domestic Support

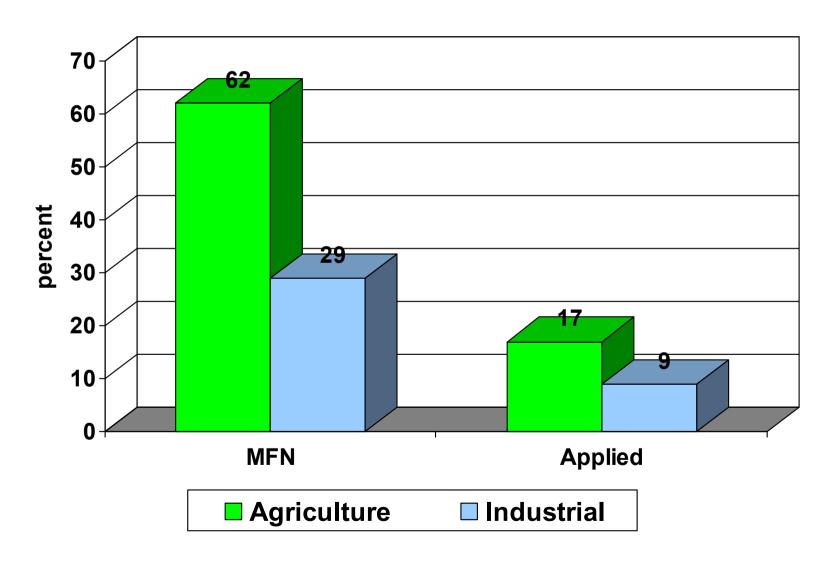
Export Competition

Agriculture-Market Access

- Substantial improvement for all agricultural products
- Agreement in HK that a tiered formula would be used to reduce tariffs – 4 tiers
- Progressivity higher tariffs to be reduced by a greater percentage
- Lack of progress on the tariff bands (thresholds) and the cuts to be made within each band









Market Access — Tariffs Chair's Draft Modalities

Band	Thresholds		Developed Countries	Developing Countries
	Developed	Developing	Cuts	cuts
1	0-20%	0-30%	48-52%	32% - 35%
2	20%-50%	30-80%	55-60%	37% - 40%
3	50%-75%	80-130%	62-65%	41% - 43%
4	75%+	130+	66-73%	44% - 49%

Other Market Access Issues – Members' Positions

- Treatment of SENSITIVE PRODUCTS
 - 1%: US, Cairns, Brazil
 - 8%; EC
 - 15%: G10
- Treatment of SPECIAL PRODUCTS
 - ≤ 20% of tariff lines: G-33
 - US limited flexibility for developing countries;
 only a few tariff lines
 - Intermediate positions: Pakistan, Thailand, Malaysia
 - TRQs: should it be based on domestic consumption or current import volumes and the cuts to be made

SENSITIVE PRODUCTS

- Number: [4] [6] or [6] [8] per cent of tariff lines
 where over 30% of tariff lines in the top band.
 Developing countries can designate one-third more
- Treatment: 1/3 2/3 of reduction for developed countries and not less than 2/3 by developing countries;
- Tariff Rate Quota (TRQ): [4][6] per cent or [3][5] per cent of domestic consumption depending on the deviation
- Higher levels envisaged if the member chooses to have a higher number of sensitive products

- SPECIAL PRODUCTS
 - Number: 5-8 per cent of tariff lines
 - No figures in draft text each developingcountry Member has right to self-designate appropriate number of tariff lines as special products
 - Designation to be guided by: food security, livelihood security, rural development (verification)
 - Higher level for SVEs

Special Agricultural Safeguard (SSG): Expiration for developed-country Members after end of implementation period (IP). 50% of tariff lines to be reduced at start of IP and the rest in equal instalments;

OR

Can retain SSG for tariff lines equivalent in number to entitlement under sensitive product provision – volume trigger to be set at 25%; maximum of additional 1/3 of applied tariff

- SPECIAL SAFEGUARD MECHANISM (SSM)
 - For developing countries, to respond to needs of:
 - Rural development
 - Food security
 - Livelihood security
 - 2 distinct triggers: Price and Quantity
 - NOT to provide protection for preferential suppliers
 - → so NO preferential trade counted in trigger

[Chair's recommendations. No draft text as yet]

Tropical products

- No specific language in text, because positions far apart; intensive work required
- "List" will be Uruguay Round+, but less than Cairns
 Group list in present form
- "Fullest Liberalisation" to be given meaning
 - → If top band cut for developed countries is [66] [73]%, then cuts for tropical products will be *at least* this

Preference erosion

- No specific language in text, because positions far apart; intensive work required
- "Big ticket" items (bananas and sugar) at heart of issue
- Need to recognize that preference erosion will occur as result of negotiations
 - → Important not to focus on mathematical inevitability but on precise products where genuine impact
- Lengthening of implementation period; also non-trade based solutions

- Tariff escalation
 - No specific language as further work needed
 - Political reality that primary driver of tariff
 liberalisation will be tiered formula
 - Need to keep focus on demonstrable and quantifiable cases (so don't get lost in abstract chains of value added)
 - Possible de facto threshold benchmark → proxy measure for more egregious cases

Commodities

- If adverse effects of tariff escalation not eliminated by tiered formula, Members to engage with commodity-dependent producing countries to find solution
- Tariff escalation reductions in identified products (by developed countries and others who can)
- Possibility of joint action through commodity agreements

- Not required to undertake tariff reductions
- DFQF for all LDC products by 2008 or start of implementation period; where difficulties, 97% at start to increase gradually to 100%
- Ensure preferential rules of origin
- Cotton Market Access: DFQF for LDCs from start of implementation period

SVEs

- Can moderate tiered formula tariff cuts
 - → Entitled to moderate the two-thirds cut by a further [10] ad valorem points in each band (para. 51)
- Enhanced improvements in market access by developed countries and others able (advanced developing countries) to do so

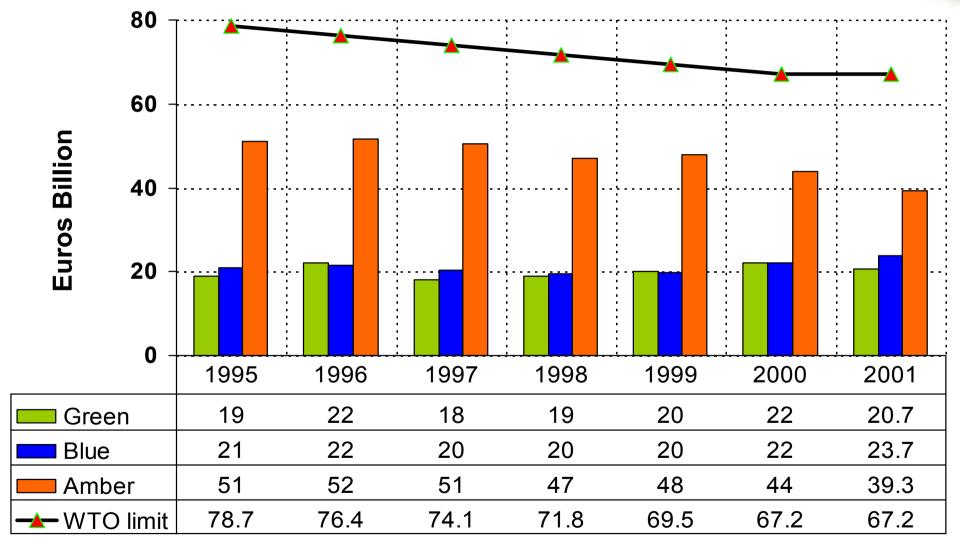
Domestic Support

- High levels of support by developed countries
- Few developing countries provide subsidies
- Amounts provided by *most* developing countries not substantial- justified as *de minimis* or under Article 6.2 of the Agreement on Agriculture
- Agreement in HK that there will be three bands for the reduction of Overall Trade-distorting Domestic Support (OTDS) EC in top band, Japan and US in second band, all others (including developing-country Members) in third band

Domestic Support

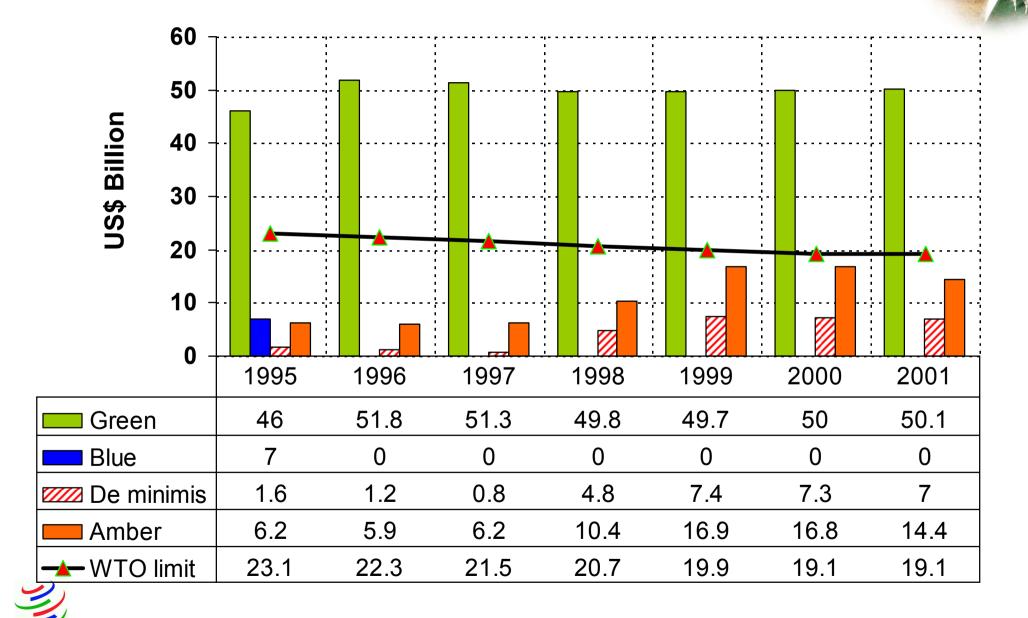
- The Base Overall Trade-Distorting Domestic Support shall be the sum of the Final Bound Total AMS +10 per cent of value of production in the 1995-2000 base period (5% of productspecific and 5% of non-product-specific AMS) + the higher of existing average Blue Box payments, or 5% of the average total value of agricultural production, in the 1995-2000 base period
- Agreement that OTDS will be reduced by 20% in the first year

Domestic Support - European Communities





Domestic Support - United States



WTO OMC





Bands	Range	Proposed Cuts
1 - EC	≥ 60 billion	[75] [85] %
2 – US and Japan	≥10 billion and ≤ 60 billion	[66] [73] %
3 –Others – Developed and Developing	≤ 10 billion	[50] [60] %

DOMESTIC SUPPORT

Chair's Draft Modalities



- Under the Chairman's proposal, US OTDS will be reduced from \$48.2 billion to between \$13 and \$16.4 billion. Under its own proposal, it will be reduced to \$22.5 billion
- According to the recent notification by the US, its payments on OTDS amounted to \$ 16.3 billion in 2002, \$10.2 billion in 2003, \$18.1 billion in 2004 and \$18.9 billion in 2005
- Estimated that because of high commodity prices last year, the US payments on OTDS amounted to \$11 billion. Figure not confirmed by the US



Chair's Proposed Draft Modalities - AMS



Bands	Range	Proposed Cuts
1	≥ 40 billion	[70] %
2	≥15 billion and ≤ 40 billion	[60] %
3	≤ 15 billion	[45] %



Domestic Support Chairman's proposals



- Under the Chairman's proposal, the amber box limit of the US will be reduced from \$19.1 billion to \$7.6 billion
- According to figures provided by the US, AMS payments for 2002, 2003, 2004 and 2005 were \$9.6 billion, \$6.9 billion, \$11.6 billion and 12.9 billion, respectively.
- Brazil and Canada are alleging in the dispute settlement proceedings that the US exceeded its WTO limits for most of these years, a claim the US denies.



Domestic Support

- PRODUCT-SPECIFIC AMS CAPS average applied during the UR implementation period (1995-2000)
- For the US average between 1995-2004 and 1995-2000
- S&D for developing countries base period (1995-2000 or 1995-2004)
- **DE MINIMIS**: to be reduced by [50] [60] per cent by developed countries.
- S&D for developing countries: some exempted, others to make two-thirds of the cuts of developed countries
- BLUE BOX: maximum permitted value not to exceed 2.5 per cent of the average total value of agricultural production
- Lesser cut if over 40% of Member's support placed in the blue



Export Competition – Chair's Draft Modalities

- Elimination of all forms of export subsidies by 2013.
 Budgetary outlays- 50% reduction by 2010 and the rest in equal instalments
- Reduction commitments also on quantity of exported products
- S&D for developing countries. Developing countries to benefit from the provisions of Article 9.4 until 5 yrs after the end of the implementation period
- Proposed strengthened disciplines on agricultural exporting STEs and international food aid
- Elimination of all forms of export subsidies for cotton.

General Reactions to Chair's draft modalities

 Most Members welcomed the draft text and said could be basis for further work

Market access most difficult pillar; not enough clarity on flexibilities to allow assessment of ambition

 More positive reaction than to NAMA draft modalities text (circulated at same time)

Next Steps - Agriculture

- Intensive consultations /negotiations ongoing
- Revision of draft modalities text (mid-November?)
 - → Based on intensive consultations, but still a Chair's text
- Timing critical
- Need to coordinate with timing of texts in other areas → linkages

NAMA — Chair's Draft Modalities

- Key issues
 - -Formula to be applied- Swiss formula or Swiss-type formula (ABI formula)
 - Treatment of unbound tariffs non-linear mark up
 - Flexibilities for developing countries paragraph 8 flexibilities
 - -Flexibilities for paragraph 6 countries, i.e. countries which have bound less than 35% of tariff lines
 - -Sectoral approach
 - -NTBs
 - -Flexibilities for LDCs, SVEs, RAMS

Formula

- Adoption of a simple Swiss Formula with two co-efficients
 - -8-9 for developed countries; and
 - -19-23 for developing countries
- Product coverage to be comprehensive without a priori exclusions
- Reductions or elimination on the basis of bound rates

Formula — Treatment of Unbound tariffs

- For unbound rates, a constant non-linear mark up of 20% to the MFN applied rate in the base year (14 November 2001)
- Conversion of non ad-valorem duties into ad valorem equivalents
- Reference period for import data: 1999-2001
- Reductions for developed-country and developing-country Members in 5 and 9 equal instalments, respectively

Flexibilities for developing countries subject to formula —para 8 flexibilities

- Applying less than formula cuts for up to 10% of tariff lines; OR
- Keeping 5% of tariff lines unbound provided they do not exceed 5% of the total value of a member's imports
- Not to be used to exclude entire HS chapters
- Alternatively, where flexibility not used, developing-country Member can apply a coefficient of b + 3 in the formula

Flexibilities for developing countries with low binding coverage

As an exception, participants with a binding coverage of non-agricultural tariff lines of less than 35 percent would be exempt from making tariff reductions through the formula. Instead, they are expected to bind 90 percent of nonagricultural tariff lines at an average level that does not exceed the overall average of bound tariffs for all developing countries after full implementation of current concessions which is at 28.5%.

(Developing Members concerned are: Cameroon; Congo, Côte d'Ivoire; Cuba; Ghana; Kenya; Macao, China; Mauritius; Nigeria; Srigeria; Suriname; and Zimbabwe.)

Flexibilities for LDCs

- LDCs exempted from applying the formula for tariff reduction and the sectoral approach. However, as part of contribution to this Round of negotiations, LDCs expected to substantially increase the level of tariff binding commitments.
- Individual LDCs to determine the extent and level of tariff binding commitments in accordance with their individual development objectives.
- Duty-free, quota-free access for LDCs transparency (Hong Kong Declaration)

Flexibilities for LDCs

- Accordingly, by the time Members submit their comprehensive draft schedules of concessions, developed-country Members shall, and developing-country Members declaring themselves in a position to do so should:
 - inform the WTO of the products that are currently covered under duty free and quota free market access for LDCs;
 - notify the internal procedures by which they will implement the Decision; and
 - provide an indication of the possible time frame within which they intend to fully implement the Decision as agreed.

Flexibility for Small Vulnerable Economies

- Search for benchmarks of vulnerability abandoned. Single eligibility criterion based on value of NAMA trade from 1999-2001:
 0.1%
- Two options: a formula tariff reduction with expanded flexibilities or a target average tariff reduction as proposed by SVEs
- Chair's recommendation: tariff average approach, in 3 tiers based on average bound tariffs, and including a minimum line-by-line tariff reduction

Flexibility for Small Vulnerable Economies

- Where the SVE has bound 50% or more of its tariff lines, its overall tariff average shall not exceed 22%. Fiji – special consideration on account of its low level of binding coverage and the fact that SVEs will be expected to bind 100% of their tariff lines
- Where the SVE has bound between 30% and 49% of its tariff lines, its overall tariff average shall not exceed 18%
- Where the SVE has bound less than 30% of its tariff lines, its overall tariff average shall not exceed 14%
- SVEs to make a minimum tariff reduction of 10% for 95 per cent of their tariff lines

Flexibility for Small Vulnerable Economies

- All tariff lines to be bound on 1 January following the entry into force of the DDA results at initial bound rates
- For bound tariff lines, existing bindings will be used. For unbound tariff lines, SVE to determine the level of the initial binding of those tariff lines
- Overall binding target average to be made effective at the end of the implementation period through 9 equal rate reductions. First reduction to be made 1 year after the implementation of the DDA results
- All duties to be bound on an ad-valorem basis

Flexibility for Recently Acceded Members

- Potential list of RAMs: Ecuador, Bulgaria, Mongolia, Panama, Kyrgyz Republic, Jordan, Georgia, Albania, Oman, Croatia, Moldova, China, Chinese Taipei, Armenia, Former Yugoslav Republic of Macedonia, Saudi Arabia, Vietnam and Tonga
- RAMs have to apply the formula, with the exception of Armenia, Former Yugoslav Republic of Macedonia, Saudi Arabia, Vietnam and **Tonga**
- A grace period of 2 years shall apply on a line-byline basis and shall begin as of the date of full implementation of the accession commitment on that tariff line

Flexibility for Recently Acceded Members

- An extended implementation period of 2 equal rate reductions to implement commitments (i.e. in addition to the 5 or 9 equal instalments foreseen)
- First reduction to be implemented on 1 January of the year following the entry into force of the DDA results, with the exception of those tariff lines covered above
- In respect of those tariff lines, the first reduction shall be implemented on 1 January of the year following completion of the grace period
- In both cases, each successive reduction to be made effective on 1 January of each of the following years

Sectorals

- Key element in fulfilling the Doha mandate
- Participation on anon-mandatory basis
- Discussions to date have focussed on defining critical mass, scope of product coverage, implementation period and SDT for developing countries
- Members participating in sectorals to intensify their work

Non-reciprocal preferences

- Assessment of the scope of the preference erosion problem greatly assisted by a Secretariat analysis of the key products, key countries and key markets concerned. element in fulfilling the Doha mandate
- Suggested possible solutions:
 - Aid-for-Trade to address the underlying challenges faced by beneficiary countries – diversification of exports and strengthening competitiveness;
 - Possible longer implementation periods;
 - Correction coefficient opposed by several Members, who argue that trade measures are not apposite for addressing the problem

Non-reciprocal preferences

- Recognition that MFN liberalization will erode preferences
- Reduction of tariff on eligible products to be implemented in 7 equal rate reductions instead of 5 equal rate reductions by preference-giving countries
- First reduction to be implemented on 1
 January of the year following the entry into
 force of DDA results

Others

- Supplementary modalities: Request and offer approach
- Low Duties: elimination encouraged
- NTBs: Members encouraged to merge proposals to facilitate text-based negotiations; resolution of bilateral requests; intensification of work
- Capacity-building measures
- Non-agricultural environmental goods

General reactions to Chair's draft Modalities

- Several developing countries, particularly those belonging to NAMA 11, are of the view that level of ambition is too high when compared to the agriculture text
- At the October 2007 General Council, South Africa introduced a new proposal on behalf of the ACP, African Group, NAMA-11 and SVEs. Some LDCs expressed support for the South African text
- Main demands: Structure of the text has to change. Ambition in NAMA must be comparable to agriculture as foreseen in para 24 of the HK Declaration; formula must reflect less than full reciprocity in reduction commitments from developing countries

NAMA – Intrinsic Problems and next steps

- Will hard-line stance of developed-country
 Members in NAMA risk Doha collapse
 considering that two-thirds of membership say
 range of cuts not acceptable
- Delicate balance Ag-NAMA: e.g., reportedly early June India-US deal on agriculture disappeared with US/EC hard line on NAMA
- Continued intensive work;
- Impact of South African paper?
- Revision of Chairman's draft modalities text (November?)
- Timing critical due to linkages

Services

- Number of offers on the table quite satisfactory, but problem is their quality. In some cases, the offers do not match prevailing access granted by countries
- Key issue is how to get improved offers. Will the plurilateral request/offer approach deliver improved offers?
- Proposal of developed countries that there should be a plurilateral component committing Members to a certain level of ambition
- Some developed-country Members would want an express linkage to the level of ambition in services to those in agriculture and NAMA

Services

- Demand by developed-country Members that there should be a ministerial signalling exercise around the time of agreement n agriculture and NAMA modalities
- Objection to the proposals by most developingcountry Members who insist that any multilateral text should respect faithfully the agreed guidelines for the negotiations
- Issues of concern to developing countries: Mode4 (Temporary movement of persons)
- GATS rules progress on domestic regulation disciplines – draft being discussed by Members
- Draft text to be circulated (When?)→ link with timing of other texts

- RTAS transparency mechanism agreed in December 2006. Applied provisionally. To be reviewed in light of experience and agreed rules incorporated as part of the Doha package
- No progress on the substantive rules scope of Article XXIV of the GATT 1994, Article V of the GATS and the Enabling Clause
- As regards antidumping, work has advanced. Members have tabled proposals on a number of subjects, including product under investigation/ consideration, like product, domestic injury, dumped imports, standing rules, determination of normal value, constructed export price, conditions under which export price can be disregarded, cumulative assessment of imports, price undertakings, lesser duty rule, public notice and period of data collection for investigations

- As regards subsidies, the proposals have focussed mostly on the following issues: clarification and improvement of the trade remedy provisions, definition of a subsidy and calculation methodology, prohibited subsidies – export and import substitution subsidies, remedies for prohibited subsidies, export credits, serious prejudice, non-actionable subsidies, subsidy notifications, SDT, natural resource and energy pricing, taxation
- As regards fisheries subsidies, substantial progress has been made since the resumption of negotiations in February 2007
- Broad agreement that subsidies which contribute to overfishing, overcapacity and depletion of global stocks should be prohibited

- Three basic approaches
- Under the "top-down" approach favoured by the Friends of Antidumping (Argentina, Australia, Chile, Ecuador, Iceland, New Zealand, Peru, Philippines, United States) and other Members, there will be a broad prohibition of all fisheries subsidies and a negotiated list of exemptions
- Under the "bottom-up" approach favoured by Korea, Japan and Chinese Taipei there will be a positive list of prohibited subsidies which would be identified on a case-by-case basis taking into account their harmful effects on trade and environment
- Under the third approach advocated by Indonesia, the disciplines should closely follow existing SCM disciplines.
 Apart from export and import substitution subsidies, all fisheries subsidies unless otherwise specified should be classified as actionable subsidies

- Special and differential treatment for developing countries: Caribbean, Pacific and Indian ocean coastal states have proposed that any eventual disciplines should not cover the following fisheries activities in small vulnerable coastal states: (i) revenue generation from access fees for distant water fleets; (ii) operations for export in the EEZs and territorial sea — canneries, loining and domestic processing facilities; and (iii) artisanal fisheries within the territorial sea and the EEZ for domestic and export market
- Argentina and Brazil have proposed that developing countries should be allowed generally to develop their fisheries resources. Should be allowed to subsidise the construction and repair of fishing vessels, support fishing fleets with fuel or ice provided not exploiting nonendangered species, support for artisanal communities⁵⁸

Rules – Next steps

- Chairman indicated that it was his intention to circulate a draft text just around the time the revised agriculture and NAMA texts would be circulated
- Linkages with Ag and NAMA: Without substantial progress on these two issues, it would be difficult to make progress in the rules negotiations

Special and Differential Treatment

- Not much progress since the Cancun Ministerial Conference
- Impasse over whether the 28 Agreement-specific proposals agreed in Hong Kong should be harvested or revisited to make them more enforceable?
- African Group not in a hurry to adopt the decisions on the grounds that they lack economic value
- Decisions on 5 Agreement-specific LDCs proposals in HK, the most significant being the decision on duty-free, quota-free access for products of export interest to LDCs

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Special and Differential Treatment

- Issues about implementation of the DFQF decision remain
- Category II proposals not much progress in the relevant WTO bodies
- The African Group wants the CTD Special Session to examine these proposals. Opposed by developed-country Members
- 16 remaining category I and III proposals focus on 7 proposals. New language needed on the remaining 9 proposals as Members' positions are widely divergent

Trade Facilitation

- Good progress in the negotiations
- Text-based contributions from Members covering Articles V, VIII and X of the GATT 1994
- Proposals have focussed on, inter alia, inter alia, publication and availability of information, time periods between publication and entry into force of rules/regulations, consultations and possibility to provide comments on draft rules/regulations, information on policy objectives, advance rulings, appeals procedures and due process, impartiality and non-discrimination, import/export fees and documentation, consular transactions, cooperation between customs authorities and relevant officials, transit matters

Trade Facilitation

- Bottom-up approach has provided the Chairperson of the NGTF inputs to prepare a draft text for Members' consideration
- Main challenge would be how to come up with effective disciplines while at the same time giving effect to the broad provisions on special and differential treatment for LDCs and developing countries. Will they be watertight or voluntary as far as developing countries are concerned?
- On implementation of obligations, two approaches a staged approach and a tailor-made approach which takes into account the circumstances of each developing-country Member. Emphasis on building the technical and financial capacities to implement any new disciplines
- Timing of the Chair's text dependent on developments in other areas – Ag, NAMA, Services, Rules etc

Other Issues

- Dispute Settlement (outside the single undertaking) –
 Progress has been made on the following issues: third party rights, sequencing, remand authority, post-retaliation
- Timing of draft text based on developments in other areas of the negotiations, even though the DSU negotiations are outside of the single undertaking
- Trade and Environment: Progress has been uneven. Work advanced on the preparation of lists of environmental goods and services
- TRIPS Issues Extension of the additional protection provided to wines and spirits to other products. Members' positions are widely divergent. Progress dependent on the results of the agriculture negotiations
- TRIPS Register automatic legal effects or not and the issue of participation- should it be mandatory or voluntary

Process Forward

- Establish modalities in Ag and NAMA: December?
- Prepare schedules based on modalities
- Verification of schedules
- Conclude negotiations in other areas including services, rules, development etc
- Legal drafting
- Signing of Final Act
- Domestic ratification processes

