

***Current WTO Negotiations Under Doha Round  
Insights from CPD's Geneva Tracking Mission***

Paper 66

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**Centre for Policy Dialogue (CPD)**

House No 40/C, Road No 11 (new),

Dhanmondi R/A, Dhaka-1209

Bangladesh

Tel: (880 2) 8124770, 9141703. 9141734

Fax: (880 2) 8130951

E-mail: [cpd@bdonline.com](mailto:cpd@bdonline.com)

Website: [www.cpd-bangladesh.org](http://www.cpd-bangladesh.org)

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The Centre for Policy Dialogue (CPD), established in 1993, is a civil society initiative to promote an ongoing dialogue between the principal partners in the decision-making and implementing process. The dialogues are designed to address important policy issues and to seek constructive solutions to these problems. The Centre has already organised a series of such dialogues at local, regional and national levels. The CPD has also organised a number of South Asian bilateral and regional dialogues as well as some international dialogues. These dialogues have brought together ministers, opposition frontbenchers, MPs, business leaders, NGOs, donors, professionals and other functional group in civil society within a non-confrontational environment to promote focused discussions. The CPD seeks to create a national policy consciousness where members of civil society will be made aware of critical policy issues affecting their lives and will come together in support of particular policy agendas which they feel are conducive to the well-being of the country.

In support of the dialogue process the Centre is engaged in research programmes which are both serviced by and are intended to serve as inputs for particular dialogues organised by the Centre throughout the year. Some of the major research programmes of the CPD include **The Independent Review of Bangladesh's Development (IRBD), Trade Related Research and Policy Development (TRRPD), Governance and Policy Reforms, Regional Cooperation and Integration, Investment Promotion and Enterprise Development, Agriculture and Rural Development, Environment and Natural Resources Management, and Social Sectors**. The CPD also conducts periodic public perception surveys on policy issues and issues of developmental concerns. With a view to promote vision and policy awareness amongst the young people of the country, CPD is implementing a **Youth Leadership Programme**.

Dissemination of information and knowledge on critical developmental issues continues to remain an important component of CPD's activities. Pursuant to this CPD maintains an active publication programme, both in Bangla and in English. As part of its dissemination programme, CPD has been bringing out **CPD Occasional Paper Series** on a regular basis. Dialogue background papers, investigative reports and results of perception surveys which relate to issues of high public interest are published under this series. The Occasional Paper Series also includes draft research papers and reports, which may be subsequently published by the CPD.

Monitoring the WTO negotiations in Geneva and assessing their impact and implications for Bangladesh economy continues to remain a major objective of implementation of CPD's TRRPD programme. The present Occasional Paper is the output of a Tracking Mission to Geneva undertaken by a group of CPD researchers to assess the ongoing WTO negotiations.

The paper makes an analysis of the state of play of negotiations at the WTO under the Doha Round as of March 2008. The paper takes stock of the emerging trends in various areas of negotiations and seeks to project the possible outcomes. The paper has also made an attempt to situate the interests and concerns of Bangladesh and other LDCs in this context.

*This paper has been prepared by **Mustafizur Rahman**, Executive Director, **Uttam Kumar Deb**, Head, Research Division, **Fahmida Khatun**, Senior Research Fellow and **Khondaker Golam Moazzem**, Research Fellow, CPD. Research assistance was provided by **Asif Anwar**, Research Associate, **Hasanuzzaman**, Research Associate and **Muhammad Alamin**, Research Associate, CPD.*

**Assistant Editor:** *Anisatul Fatema Yousuf*, Director (Dialogue & Communication), CPD.

**Series Editor:** *Professor Mustafizur Rahman*, Executive Director, CPD.

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## Acronyms

<i>A4T</i>	Aid for Trade
<i>ACWL</i>	Advisory Centre on WTO Law
<i>AD</i>	Anti Dumping
<i>AMS</i>	Aggregate Measurement of Support
<i>CBD</i>	Convention on Biological Diversity
<i>CPD</i>	Centre for Policy Dialogue
<i>DDA</i>	Doha Development Agenda
<i>DF-QF</i>	Duty free–Quota free
<i>DSB</i>	Dispute Settlement Body
<i>DSU</i>	Dispute Settlement Understanding
<i>EIF</i>	Enhanced integrated Framework
<i>EPB</i>	Export Promotion Bureau
<i>GATS</i>	General Agreement on Trade in Services
<i>GATT</i>	General Agreement on Tariffs and Trade
<i>GSP</i>	Generalised System of Preference
<i>IF</i>	Integrated Framework
<i>LDC</i>	Least Developed Country
<i>MFN</i>	Most Favoured Nation
<i>NAMA</i>	Non-agricultural Market Access
<i>NPDA</i>	New Partnership for Development Act
<i>NFIDCs</i>	Net Food Importing Developing Countries
<i>NTBs</i>	Non Tariff Barriers
<i>OTDS</i>	Overall Trade Distorting Support
<i>OTEXA</i>	Office of Textile and Apparel
<i>RAM</i>	Recently-acceded Members
<i>RoO</i>	Rules of Origin
<i>RTA</i>	Regional Trade Agreement
<i>RTAs</i>	Regional Trade Agreements
<i>S&amp;DT</i>	Special and Differential Treatment
<i>SCM</i>	Subsidies and Countervailing Measures
<i>SePs</i>	Sensitive Products
<i>SPs</i>	Special Products
<i>SSG</i>	Special Safeguards
<i>SSM</i>	Special Safeguard Mechanisms
<i>TACB</i>	Technical Assistance and Capacity Building Activities
<i>TF</i>	Trade Facilitation
<i>TNC</i>	Trade Negotiations Committee
<i>TRRPD</i>	Trade Related Research and Policy Development
<i>UNCTAD</i>	United Nations Conference on Trade and Development
<i>USITC</i>	United States International Trade Commission
<i>WTO</i>	World Trade Organisation

## I. BACKGROUND OF THE GENEVA TRACKING MISSION TO MONITOR WTO NEGOTIATIONS

A Four Member delegation of experts from the Centre for Policy Dialogue (CPD) undertook a WTO Tracking Mission in Geneva during March 14-20, 2008. The Tracking Mission was undertaken as part of CPD's Trade Related Research and Policy Development (TRRPD) programme. Under the TRRPD programme CPD undertakes research on trade related issues, provides policy inputs to the government, disseminates relevant information and contributes towards trade research related capacity building in Bangladesh.

As part of the aforesaid programme, CPD has been closely following the negotiations on the Doha Round Agenda in Geneva. CPD has also been particularly following negotiations in areas of interest to Bangladesh including agriculture, non-agricultural market access, services sector, environment, rules, trade remedies, trade related intellectual property rights, trade related investment measures special and differential measures and aid for trade (A4T).

The objectives of the CPD Tracking Mission were to:

- Obtain a first hand knowledge about the State of Doha Round Negotiations, level of ambition and prospects of a deal.
- Hold discussions with key players in Geneva with regard to their negotiating positions.
- Assess how Bangladesh's issues of offensive and defensive interests and concerns are being addressed in the current negotiations.
- Provide policy inputs to the government.
- Share CPD's assessment with the broader public.

### ***Box 1 Milestones since the Launch of Doha Round***

- November 9–14, 2001: Doha Development Round launched at the fourth Ministerial Conference of the WTO in Doha, Qatar.
- September 10–14, 2003: Cancun Ministerial Conference ended without a Ministerial Declaration.
- July 31, 2004: Adoption of July Framework Agreement.
- July 27–29, 2005: WTO General Council Meeting discusses the progress in negotiations.
- December 13–18, 2005: Hong Kong Ministerial Conference held in Hong Kong, China. Adoption of the Hong Kong Ministerial Decision.
- July 24, 2006: Suspension of Negotiations.
- February 2007: Soft Resumption of Negotiations.
- July 17, 2007: Chair's First Draft on Agriculture and Non and Agricultural Market Access (NAMA).
- February 8, 2008: Chair's Second Draft on Agriculture and NAMA.
- February 27 – 29, 2008: Fifth Least Developed Country (LDC) Conference in Lesotho.
- April 2 – May 23, 2008: Intensive Phase of Negotiations.
- June 2008: A Possible Ministerial Conference?

CPD's Tracking Mission took place at a very critical point of time. The LDC Ministerial Meeting was held in Maseru, Lesotho during 27-29 February 2008 which had articulated and reiterated major demands of the LDCs. The revised drafts on Agriculture and NAMA were put forward by chairs of the respective Negotiating Committees on 8 February 2008. The revised drafts reflected progress made in the negotiations since July 17, 2007 when the first drafts were floated by the two chairs.

In Lesotho, the LDCs, particularly Bangladesh, had forcefully articulated their demands in the context of the ongoing negotiations. It is also important to keep in the perspective that the United Nations Conference on Trade and Development (UNCTAD) XII is going to be held during April 20-25, 2008 in Accra, Ghana where there will be an opportunity to push for the LDC agenda in the WTO. Bangladesh delegation participating in UNCTAD XII will have an opportunity to reiterate our demand in the context of Doha Round Negotiations.

There is a fifty-fifty possibility of a breakthrough by mid-June 2008 for a deal to be struck at a World Trade Organisation (WTO) Ministerial Conference. Thus, the CPD Tracking Mission took place at a critical juncture of the ongoing negotiations.

### **Activities during the Mission**

The CPD Delegation held several meetings in Geneva and also organised an international seminar.

#### ***Meetings with Key Actors***

The CPD Delegation met with Bangladesh Ambassador H.E. Dr Debapriya Bhattacharya and his colleagues at the Bangladesh Mission in Geneva, and held extensive discussions on the state of play in the current negotiations, and Bangladesh Mission's perspectives on key issues under consideration.

The Delegation held a day long (six sessions) discussion at the WTO Secretariat and met several high level officials including Deputy Director General, WTO Dr Harsha Vardhana Singh.

The delegation met Ambassadors of key WTO member countries including USA, EU Delegation, Canada, Norway, India, Brazil, China and LDC Coordinator Lesotho. The delegation also visited the Advisory Centre on WTO Law (ACWL) and held talks with the relevant experts.

***Organisation of an International Seminar***

CPD in collaboration with International Centre for Trade and Sustainable Development (ICTSD), Geneva, a leading think tank, and African Economic Research Consortium (AERC) organised a two-day seminar (March 15-16, 2008) titled *Doha Development Round: LDCs in the End Game*. The objective of the seminar was to discuss modalities as to how to best advance LDC interests in the context of current negotiations. Many LDC Ambassadors including Lesotho and Bangladesh, seven Ambassadors of key WTO member countries, key chairs of Negotiating Committees, WTO officials and leading trade researchers participated in the seminar. CPD delegates presented papers, and actively participated as discussants at the various sessions of this seminar.

The CPD delegation would like to register their deep appreciation particularly to Bangladesh Ambassador to the WTO H E Dr Debapriya Bhattacharya and his colleagues at the Bangladesh Mission for the support extended to the delegation in organising the international seminar in Geneva and for meetings with the key players involved in the negotiations. The delegates are also grateful to all Ambassadors from LDCs, developing countries and developed countries, for their sincere cooperation during the visit.

CPD delegation felt that there was an urgency for the negotiations to be concluded before June 2008 as delegates are aware that this is an election year in the USA, who is a key player. The Bush Administration wants a deal signed which would augur well both politically and in the context of the current recession. Any delay would mean reopening of some of the settled issues by the newly elected administration, further delaying the prospect of a deal.



## II. MAJOR ISSUES BEING DISCUSSED AND MAJOR BLOCS

The ongoing discussions are being held on the built-in agenda of the Uruguay Round and the Doha Development Agenda. In Geneva, Five clusters of negotiating issues are being discussed:

- Agriculture
- Non Agricultural Market Access (NAMA)
- Services - General Agreement on Trade in Services (GATS)
- Rules
- Development provisions

Whilst negotiations are being held in the respective negotiations groups for all the five clusters of issues, those on agriculture and NAMA appear to be the most advanced. The revised drafts of the respective chairs of Agriculture and NAMA have added clarity to the issues and brought out major points of convergence and divergence. Any deal is likely to involve trade-offs by major players with regard to these two issues through *horizontal discussions*. However, key players will also be alert to what other Members are willing to give up in Rules and Services and they will strategise accordingly.

There are differences among Member Countries with regard to priorities, ambition levels and specific interests in particular areas. One set of broad groupings relate to developed, developing and LDC Members. Market access in agriculture and NAMA distinguishes the broad groups of developing and developed countries respectively, with developed country Members having relatively more interest in opening up markets for industrial goods in the developing countries and developing countries having more interest in opening up markets for agricultural products in the developed countries. There are also issue specific coalitions around specific areas of interest where developing countries and LDCs are Members (G-11, G-20, G-77, G-90) and they have common interests.

Advanced developing countries (Brazil, India, China) are aware that the Hong Kong Duty free-Quota free (DF-QF) decision has identified them as a separate group. So their obligation in this round favouring the LDCs has become an issue.

LDCs have not been asked to undertake commitments under the Doha Development Round. However, the negotiated outcomes will have important implications for the economies of the LDCs both from offensive and defensive perspectives: DF-QF market access; preference erosion (market access in agriculture and NAMA); market openings in services (GATS Mode 4); disciplines (Rules); availability of resources (Aid for Trade). Fast pace reduction under *sectorals* are also becoming an issue since this could lead to an accelerated pace of erosion of preferences. Some of the developed countries appear to be under the impression that since LDCs are not expected to undertake any obligation under

the Doha Round, they should not expect much. In reality this is not the case. LDCs feel that all negotiating outcomes are likely to have important implications for their economies.

In view of the above, LDCs are trying to play a proactive and offensive role. This was most vividly articulated in Lesotho.

### ***Prospects of a Deal***

Nothing is firm as regards to the prospects of a negotiated outcome. The Agriculture and NAMA texts still have many open questions, and brackets. More importantly, the revised drafts left the numbers (coefficients) virtually untouched, earlier proposed on the extent of domestic farm subsidy and tariff cuts, as also the formula for reducing import duties on non-agricultural products.

Members widely accept that the headline numbers in Agriculture and NAMA can only be decided at political level. Some members are thus calling for a mini-ministerial on Agriculture and NAMA to hold horizontal discussions on potential trade-offs between concessions on agricultural subsidies and tariffs on the one hand, and market access on industrial goods on the other.

However, others, including India, emphasise that a ministerial should not be called until further groundwork provides a clear indication of a successful outcome.

Some Members are calling for ambitions to be lowered, so that an agreement can be reached at an early date.

### **III. KEY ISSUES BEING DEBATED AND NEGOTIATED**

#### **III.1 Non-Agricultural Market Access (NAMA)**

##### ***Doha Mandate***

The Doha mandate stipulated reduction or elimination of tariffs, by modalities to be agreed, including that of tariff peaks, high tariff and tariff escalation and Non Tariff Barriers (NTBs), in particular of products of export interest to developing countries and LDCs. The Doha Declaration expressed commitment to the objective of DF-QF market access for products originating from LDCs. As is known, this demand was first formally articulated by LDC Ministers in 1996.

##### ***Hong Kong Declaration***

The Hong Kong Declaration stipulated in provisions 36 and 38 of Annex F is the following:

36. We agree that developed-country Members shall, and developing-country Members declaring themselves in a position to do so, should: (a)(i) Provide DF-QF market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability; (ii) Members facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period. In addition, these Members shall take steps to progressively achieve compliance with the obligations set out above, taking into account the impact on other developing countries at similar levels of development, and, as appropriate, by incrementally building on the initial list of covered products; (iii) Developing country Members shall be permitted to phase in their commitments and shall enjoy appropriate flexibility in coverage; (b) Ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access.

38. It is reaffirmed that least-developed country Members will only be required to undertake commitments and concessions to the extent consistent with their individual development, financial or trade needs, or their administrative and institutional capacities

## Preference Erosion

Table 1: NAMA Negotiations and Preference Erosion in QUAD Markets

Country	Average Tariff Facing LDCs and Preference Erosion in QUAD Markets			
	MFN Average Tariff (%)	Tariff after Applying NAMA Coefficient (9%)	Range of Reduction (%)	Percentage of Reduction
Bangladesh	12.4	5.2	7.2	57.9
Bhutan	12.4	5.2	7.2	57.9
Cambodia	13.4	5.4	8.0	59.8
Maldives	14.9	5.6	9.3	62.3
Nepal	9.5	4.6	4.9	51.4

Source: CPD Trade Database.

The ongoing NAMA negotiations are likely to result in a substantially changed scenario with respect to the competitiveness regime for Bangladesh's exports in the developed countries. There will be substantial preference erosion for Bangladesh in the markets of EU, Japan and Canada and possibility of enhanced market access in the US depending on the nature of implementation of DF-QF decision. How the DF-QF decision is implemented by the US is of crucial interest to Bangladesh in offsetting the negative impact of preference erosion.

Table 2: Average Apparels Duties Imposed on Some Selected Countries in US Market

US Import From	Million US\$				Avg. Duties on Apparels (%)	
	Total Import of Apparels		Total Duties Imposed on Apparels			
	2006	2007	2006	2007	2006	2007
Bangladesh	3003.22	3168.16	471.41	506.70	15.70	15.99
Cambodia	2265.68	2554.16	364.62	417.43	16.09	16.34
Nepal	54.71	34.62	7.67	4.68	14.01	13.52
Lesotho	407.06	402.25	0.49	0.71	0.12	0.18

Source: CPD Analysis based on the Data from USITC Trade Database.

### Importance of DF-QF Market Access for Bangladesh

A study by IFPRI shows that the gain in global income from a successful conclusion of the Round, on the basis of an average ambition and 97 per cent DF-QF, will be \$55 billion; this will rise to \$69.0 billion in case of market for 100 per cent of products. Of this amount the gains to the LDCs are expected to be in the region of \$1.0 billion if market access is given for 97 per cent of products. This is likely to rise to \$ 8.0 billion if market access is provided for 100 per cent of products.

### ***Implementation of DF-QF Hong Kong Decision: Bangladesh's Concerns***

The Hong Kong Ministerial decision on DF-QF market access was a welcome initiative, but did not go far enough to satisfy Bangladesh and other LDCs' aspirations. Concerns with regard to the Decision relate to the following:

- DF-QF market access for 97 per cent of tariff lines: Whether this will be commercially meaningful
- Will there be one 97 per cent list for all LDCs? Will it be 97 per cent of all tariff lines or tariff lines exported by LDCs? Will these be tariff lines at 8-digit or country level or 6-digit level?
- Time line of implementation: ambiguity with regard to deadline.
- The exclusion list: no clear time line for phase-out of the 3 per cent exclusion list.
- Market access in developing countries 'declaring themselves in a position to do so': a commitment to progressively implement the decision – but rather vague.
- Rules of origin: Concern whether these will be LDC friendly
- Monitoring implementation of the DF-QF decision: the issue of putting a monitoring mechanism in place to oversee implementation of the decision
- Technical Assistance (TA) and aid in support of trade capacity building to address preference erosion and to take advantage of the DF-QF market access: will this be substantial or marginal support?

### ***The February 2008 Draft***

The draft presented by Ambassador Don Stephenson stipulates that LDCs shall be exempt from tariff reductions. However, they are expected to “substantially increase their level of tariff binding commitments”. In this context, the Maseru Declaration calls for flexibilities for LDCs to determine the level of bindings of their tariff lines. “LDCs will be the judge” the Declaration states. The Maseru declaration also calls for “An agreement to eliminate all non-tariff barriers on products originating in LDCs.”

The February draft mentions about “recommitting full implementation of the Decision” that was taken in the Hong Kong Ministerial Meeting. With respect to implementation of the DF-QF decision, the draft asks donor members to inform WTO members of the products that will be covered under the commitment to provide duty-free and quota-free market access for at least 97 per cent of the products originating from the LDCs. However, we think that the text needs to be strengthened in two areas: commercial value of the products selected under the 97 per cent list and a firm time line for implementation of this decision.

Discussions with the US Mission indicate that US is not at this point ready to specify which products that the US will provide zero-tariff access on. Neither does US appear to be ready to declare a time line for phase-in of the exclusion list.

In this regard we fully endorse the text of the Maseru Declaration of LDC Ministers which states a commitment by developed country Members to fully implement the decision on DF-QF market access “with a view to ensuring *commercially meaningful* duty-free and quota-free market access for at least 97 per cent of the products originating from LDCs, defined at the tariff level, by the end of 2008.”. With regard to the phasing out of the 3 per cent exclusion list, the February 2008 draft asks Members to notify the steps and possible time frames within which they will progressively achieve full compliance with the Decision.

Here also it is felt that a definitive time frame would have assuaged the apprehensions of the LDCs, since a meaningful DF-QF market access for all products could be an inordinately long process in the absence of a precise time line for phase out of the 3 per cent exclusion list. In this regard, we fully support the position taken by the LDC Ministers in Maseru to phase out the exclusion list “at an earlier date but not later than the end of the implementation period of the Doha Round”. Bangladesh’s firm position in the current negotiation is that there has to be a time line in this Round for phase-in of the exclusion list.

With respect to the *developing countries in a position to do so*, the NAMA February 2008 draft uses the same language as for the developed country Members. In this context, we support the call of LDC Ministers for “A commitment by a larger number of developing countries declaring themselves in a position to do so to progressively implement beyond current market access levels and to provide duty-free and quota-free market access to products originating from all LDCs starting at an earlier date, but not later than the end of the implementation period”.

The understanding from our discussion in Geneva is that Brazil, India and China are preparing their respective lists of offer in the context of DF-QF decision. Brazil has indicated that she will provide zero-tariff for virtually all products; India and China have also indicated providing market access for a large number of products.

With regard to Rules of Origin (RoO) the NAMA February 2008 draft offers a better language regarding the use of simple and transparent RoO in trade preferential schemes. The draft particularly recommends the use of document TN/MA/W/74 which was submitted by the LDCs themselves. However, use of the language “as appropriate” to

some extent dilutes the text. In this context, the Maseru Declaration calls for an “agreement by members to base their RoO for products originating in LDCs on the model RoO in TN/CTD/W/30, TN/MA/W/74 and TN/AG/GEN/20” which would make the text more concrete and LDC-friendly. As is known, this document, in its eight Articles, provides a detailed methodology for estimation of RoO, both for wholly obtained items, and for those relating to substantial transformation.

The Maseru Declaration also calls for initiatives to protect LDC interests in the face of preference erosion if there is concrete progress in the context of sectoral negotiations. The Maseru Declaration states, “The sectoral initiatives of the NAMA negotiations shall not harm the export interests of LDCs due to erosion of their preferences. Effective mechanism should be established to mitigate any negative effect of the sectoral tariff initiatives.” Since some of the items in these negotiations are of vital export interest to particular LDCs, the delegates think this is a valid concern of LDCs and it needs to be reflected in the revised NAMA draft in future.

Revised NAMA draft includes 40 items for which the tariff reduction will be slow (in 7 instalments, not in 5 instalments). Given that Bangladesh is able to actually realise preferential market access for about 60 per cent of her overall apparels export to the EU, inclusion of Bangladesh’s items of interest in Annex 2 will impact on interest of Bangladesh (and also other LDCs) in two ways: if the Generalised System of Preference (GSP) utilisation rate of the first, particular tariff line is high, then LDCs will benefit from slower pace of tariff reduction (in 7 instalments as against 5), and second, If the GSP utilisation rate is relatively low, then a slower reduction will not benefit the LDCs.

Bangladesh should study the Annex 2 very carefully and strategise accordingly.

Table 3: Revised NAMA Draft and Annex 3 (US List): Implications for Bangladesh

	Number of included Products	Number of items exported by Bangladesh	Export Value (million \$)	Per cent of the Total Export of BD to USA	Number of Annex-3 Items in Bangladesh's Top 30 Exports to USA
NAMA Draft: July 2007	16	16	1882.27	53.87	11
NAMA Revised Draft: Feb 2008	25	25	2138.6	61.20	17
Increase in Coverage	9	9	256.33	7.34	6

Source: Estimated from EPB and OTEXA Database

In the revised February 2008 NAMA draft, 25 items have been included. Bangladesh exports all these items and they account for approximately 62.0 per cent of export to the US market. Since Bangladesh does not receive preferential access for export of apparels in the US market, a slower pace of reduction will be to the detriment of Bangladesh's interest. However, if some of these items are included in the 97 per cent DF-QF list of the US, the scenario will be reversed.

Table 4: Implications of the Inclusion of Products in Annex 3 of Draft NAMA Text for the US Market

Pace of Reduction	97 per cent product coverage	3 per cent exclusion list
Normal reduction (as per NAMA draft in instalments)	Stands to lose	Stands to gain
Slower reduction (Annex-3 items that stipulate reduction in 7 instalments)	Stands to gain	Stands to lose

Source: Based on information on the NPDA draft.

If Annex 3 tariff lines are included in the 97 per cent coverage, a slower reduction will benefit LDCs. If Annex-3 tariff lines are included in the 3 per cent exclusion list then a slower pace of reduction will not be in the interest of LDCs such as Bangladesh. Bangladesh should strategise accordingly.

### ***Strategies for Bangladesh***

- Bangladesh has somewhat diverse interests compared to other, particularly African LDCs. However, it is important that Bangladesh projects a common front with these LDCs. Bangladesh's support for "cotton" issue is likely to help maintain this coalition.
- Developing countries in general are supportive of LDC demands. Bangladesh should continue to provide issue specific support to developing countries, as it is doing in the various groups.
- Bangladesh needs to highlight the issue of preference erosion. In this context, a proposal needs to be developed to compensate for preference erosion through trade and non-trade measures in the WTO.
- With respect to DF-QF market access Bangladesh should prepare a proposal to the effect that the decision is implemented in a commercially meaningful way.
- With respect to the US market Bangladesh should immediately get on with the task of designing a 97 per cent request list. It is unlikely that US will provide zero-tariff access for major apparel items. However, it may be possible to get some items of apparels in the list, with appropriate justification. GoB will need to sit with all concerned stakeholders and may get on with the task of preparing the list.



- Bangladesh, and other LDCs, should prepare a proposal with respect to a concrete time frame for phase-in of the remaining 3 per cent exclusion list.
- With regard to the LDC proposal for Rules of Origin (RoO), a case needs to be developed for a proposal in tune with the Canadian GSP which stipulates 25 per cent domestic value addition and was found to be the most LDC-friendly so far.

### **III.2 Agriculture**

#### ***Doha Round Agenda on AoA***

As per Article 20 of the Uruguay Round Agreement on Agriculture (AoA), WTO Members agreed that negotiations for continuing the process will be initiated one year before the end of the implementation period (2000). Accordingly, new round of negotiations began in March 2000. At Doha, ministers recognised the negotiation on agriculture started in early 2000 under Article 20 of the AoA. The Fourth WTO Ministerial, as reflected in Articles 13 and 14 of the Doha Declaration, progressed further with AoA in terms of fixing deadline for meaningful negotiations on agriculture under the WTO regime. Thus, the Doha mandate on agriculture includes the following aspects:

- *modalities for negotiations* should be established no later than 31 March 2003;
- a *draft schedule of commitments* to be submitted no later than the Fifth WTO Ministerial meeting; and
- the negotiations as a whole to be concluded by 1 January 2005.

Trade Ministers, at Doha, agreed to undertake "comprehensive negotiations" aimed at the three pillars of agriculture negotiations: 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 (See Box 2, for details).

**BOX2: DOHA MANDATE ON AGRICULTURE  
FROM THE DOHA MINISTERIAL DECLARATION, NOVEMBER 2001**

13. We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 members. We recall the long-term objective referred to in the Agreement 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. We reconfirm our commitment to this programme.

Building on the work carried out to date and without prejudging the outcome of the negotiations, we commit ourselves 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.

We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.

14. Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than 31 March 2003. Participants shall submit their comprehensive draft Schedules based on these modalities no later than the date of the Fifth Session of the Ministerial Conference. The negotiations, including with respect to rules and disciplines and related legal texts, shall be concluded as part and at the date of conclusion of the negotiating agenda as a whole.

The Doha Declaration made “special and differential treatment” (S&DT) for developing countries as an integral part of the negotiations, both in countries’ new commitments and in any relevant new or revised rules and disciplines. The Declaration conveyed that the outcome should be effective in practice and should enable developing countries meet their needs, particularly in food security and rural development. The ministers also took note of the non-trade concerns (such as environmental protection, food security, rural development, etc.) reflected in the negotiating proposals.

***Hong Kong Decisions***

The Hong Kong Ministerial Declaration reaffirmed the commitments to the mandate on agriculture as set out in paragraph 13 of the Doha Ministerial Declaration and to the framework adopted by the General Council on 1 August 2004. They had taken the following concrete decisions and agreed to establish modalities by April 2006 and to submit draft schedules by the end of July 2006.

*Domestic Support:* There will be three bands for reductions in Final Bound Total AMS and in the overall cut in trade-distorting domestic support, with higher cuts in higher

bands. However, threshold levels for these bands and the level of cut would be decided later on.

*Export Subsidy:* Elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect to be completed by the end of 2013. However, modalities for these would be decided later on.

*Market Access:* Tariff cuts would be on *ad valorem* equivalents and Members will adopt four bands for structuring of tariff cuts. However, relevant threshold and extent of tariff cuts and flexibilities for developing countries to be decided later on.

*SPs and SSM:* Agreed for sensitive products. As regards special products and special safeguard mechanism for developing countries, there will be flexibility to self-designate an appropriate number of tariff lines as special products guided by indicators based on the criteria of food security, livelihood security and rural development. However, number of products to be covered as sensitive products, special products and precise arrangement for special safe guard mechanism will be decided later on.

*Commitments by LDCs:* LDCs would be exempted from any reduction commitment as regards tariff, domestic support and export subsidy for agricultural products.

*Food Aid:* Members agreed that disciplines on in-kind food aid, monetisation and re-exports would be made. Disciplines on export credits, export credit guarantees or insurance programmes, exporting state trading enterprises and food aid will be completed by 30 April 2006. The issue of discipline in food aid remains essentially unsettled although the text mentions that the level of food aid and interests of the net-food importing countries will be safeguarded. Though the volume of food aid to Bangladesh has declined, it is an important source for relief and food support for vulnerable groups.

*Cotton:* Members agreed that all forms of export subsidies for cotton would be eliminated by developed countries by 2006. LDCs will be provided duty-free and quota-free market access for cotton exports from the commencement of implementation date (to be agreed by April 2006), although they were already enjoying such preferential access. Developed countries would reduce their domestic support for cotton. Reduction in domestic support and export subsidies is likely to increase cotton price globally which will somehow negatively affect RMG sector of Bangladesh.

### ***Current State of Negotiation***

In Hong Kong, Members agreed to conclude Doha Round Negotiations successfully in 2006 and submit comprehensive draft Schedules based on modalities no later than 31 July 2006. However, members failed to agree on modalities by July 2006. Doha Round Negotiations were suspended for an indefinite period through the General Council meeting held in July 2006. On 16 November 2006, WTO Director General Pascal Lamy asked all the negotiating groups to hold informal meetings which will focus only on technical works. Accordingly, soft resumptions were made. Current negotiations on agriculture are mostly based on recent documents circulated by Ambassador Crawford Falconer, chairperson of the Negotiation Committee since July 2007.

Agriculture negotiations chairperson Ambassador Crawford Falconer circulated a revised draft “modalities” on 17 July 2007. Ambassador Falconer circulated another *Revised Draft Modalities for Agriculture* (TN/AG/W/4) on 1 August 2007, which is the same as that distributed on 17 July 2007 as JOB(07)/128 with corrections to a number of typographical errors which were included in that document. Modalities are drawn from WTO member governments’ positions over several months in the latest phase of the negotiations, but reflect the chairperson’s judgment of what governments might be able to agree — based on what members have proposed and debated in over seven years of negotiations and their responses to the chair’s previous papers. Therefore, these are not “proposals” from the Ambassadors in the sense that “proposals” are normally understood. In other words, these are not the chair’s opinions of what would be “good” for world agricultural trade, but what might be accepted by all sides in the negotiations.

After the chairperson circulated his revised draft “modalities” paper in July and August 2007, the talks entered their most intensive phase so far. As a follow-up of the Revised Draft on Modalities, Ambassador Falconer sent members 16 working documents on export competition (4 documents), domestic support (4 documents) and market access (8 documents). These were sent by the Chairperson during 6 November 2007 - 4 January 2008. The working documents reflect the progress made. They were designed to focus on the discussions and help the chairperson prepare the next revised draft “modalities” paper.

On 8 February 2008, Committee on Agriculture in its Special session circulated the latest Draft Modalities for Agriculture (TN/AG/W/4/Rev.1; 8 February 2008; (08-0611)).

## Major Issues

### Market Access

Substantial reductions in tariffs are expected. Revised draft modalities has proposed different rates of reduction in bound tariffs for developed and developing countries. Proposed reduction in bound tariff for developed countries may be summarised as in Table 5, where reduction would be in four tariff bands. Proposed reduction in tariff for developing countries would also be in four bands, which may be summarised as in Table 6. In brief, Revised Draft has followed the principle of higher rate of tariff, deeper the level of cut. It is proposed that the developed countries shall reduce their bound tariffs in equal instalments over five years and developing countries shall reduce their final bound tariffs in equal annual instalments over eight years. It is pertinent to mention here that non-advalorem tariffs will be converted to ad valorem tariff equivalents (AVEs) following the formula agreed in July 2006. Some special provisions (i.e. more flexibility) are proposed for recently-acceded members (RAMs) and small and vulnerable economies.

Table 5: Possibility in Tariff Cuts in the Developed Countries

Tariff Bands	Thresholds	Range of cuts (%)
Band 1	>0%- ≤20%	48-52
Band 2	>20% - ≤50%	55-60
Band 3	>50% -≤75 %	62-65
Band 4	>75%	66-73

**Source:** Revised draft modalities for agriculture, 8 February 2008, P12.

Table 6: Possibility in Tariff Cuts in the Developing Countries

Tariff Bands	Thresholds	Range of cuts (%)
Band 1	>0%- ≤30%	2/3 of 48-52
Band 2	>30% - ≤80%	2/3 of 55-60
Band 3	>80% -≤130%	2/3 of 62-65
Band 4	>130%	2/3 of 66-73

**Source:** Revised draft modalities for agriculture, 8 February 2008, PP 12-13.

*Domestic Support*

*Overall Trade Distorting Support (OTDS):* Substantial reductions in OTDS are expected. According to the proposal, reduction in OTDS will be under three bands. The base level of OTDS shall be the sum of (a) the Final Bound Total AMS specified in Part IV of a member's schedule (b) for developed country Members, 10 per cent of the average total value of agricultural production in the 1995-2000 base period (this being composed of 5 per cent of the average total value of production for product-specific and non-product-specific AMS respectively). For developing country Members it shall be 20 per cent and base period shall be 1995-2000 or 1995-2004 as may be selected by the member concerned; (c) the higher of average Blue Box payments as notified to the Committee on Agriculture, or 5 per cent of the average total value of agricultural production, in the 1995-2000 base period .

For developing country Members, the base period shall be 1995-2000 or 1995-2004 as may be selected by the member concerned. As regards tiered formula, proposed reduction in OTDS may be summarised as in Table 7. It is also proposed that developed country Members with high relative levels of OTDS in the second tier (at least 40 per cent of the total value of agricultural production in the 1995-2000 period) shall undertake an additional effort.

Table 7: Domestic Support Cut Possibilities

<b>Bands</b>	<b>Thresholds (US\$ billion)</b>	<b>Cuts</b>
1	≤ 10	50%-60%
2	>10 -≤60	66%-73%
3	> 60	75%-85%

**Source:** Revised draft modalities for agriculture, 8 February 2008, P 2.

As regards implementation period, for developed country Members, the reductions shall be implemented in six steps over five years. For Members in the first two tiers, the base OTDS shall be reduced by one-third on the first day of implementation. The remaining reductions shall be implemented annually in five equal steps.

Developing country Members with no AMS Commitments shall not be required to undertake reduction commitments in their base OTDS and net food importing developing countries (NFIDCs) shall be exempted from reduction commitments. Very recently, acceded Members and small low income RAMs with economies in transition shall not be required to undertake reduction commitments in their base OTDS.

*AMS Reduction:* Proposed reduction in Final Bound Total AMS may be summarised as in Table 8, where cuts will be under three bands. Developed country Members with high relative levels of Final Bound Total AMS (at least 40 per cent of the total value of agricultural production) shall undertake an additional effort in the form of a higher cut than would otherwise be applicable for the relevant tier. For developed country Members, reductions in Final Bound Total AMS shall be implemented in six steps over five years. The reduction in Final Bound Total AMS applicable to developing country Members shall be two-thirds of the reduction applicable for developed country Members. NFIDCs and recently-acceded Members with economies in transition will not be required to undertake reductions in Final Bound Total AMS.

Table 8: AMS Reduction Possibilities

<b>Bands</b>	<b>Thresholds (US\$ billion)</b>	<b>Cuts</b>
1	≤ 15	45%
2	> 15- ≤ 40	60%
3	>40	70%

**Source:** Revised draft modalities for agriculture, 8 February 2008, P 4.

The Revised Draft has proposed that the *product-specific AMS limits* shall be specified in the Schedules of all developed country Members other than the United States shall be the average of the product-specific AMS during the Uruguay Round implementation period (1995-2000) as notified to the Committee on Agriculture. For the United States only, the product-specific AMS limits specified in their Schedule shall be the resultant of applying proportionately the average product-specific AMS in the [1995-2004] period to the average product-specific total AMS support for the Uruguay Round implementation period (1995-2000) as notified to the Committee on Agriculture. Where a Member has (after the base period specified ) introduced product-specific AMS support above the *de minimis* level provided for under Article 6.4 of the Uruguay Round Agreement on Agriculture, and it did not have product-specific AMS support above the *de minimis* level during the base period, the product-specific AMS limit specified in the Schedule may be the average amount of such product-specific AMS support for the two most recent years

prior to the date of adoption of these modalities, for which notifications to the Committee on Agriculture have been made.

The *de minimis* levels shall be reduced by no less than [50] [60] per cent [effective on the first day of the implementation period] [through five equal annual instalments]. Furthermore, where, in any year of the implementation period, a lower level of *de minimis* support than that resulting from application of that minimum percentage reduction would still be required to ensure that the Annual or Final Bound OTDS commitment for that year is not exceeded, a Member shall undertake such an additional reduction in what would otherwise be its *de minimis* entitlement. For developing country Members with Final Bound Total AMS commitments shall be reduced by at least two-thirds of the reduction rate specified above. The timeframe for implementation shall be three years longer than that for developed country Members. Developing country Members with no Final Bound Total AMS commitments; (or with such AMS commitments, but that either allocates almost all that support for subsistence and resource-poor producers, or that are NFIDCs) shall continue to have the same access as under their existing WTO obligations to the limits provided for product-specific and non-product-specific *de minimis*. Recently-acceded Members shall not be required to undertake reduction commitments in *de minimis*.

It is pertinent to mention that there will be cap for products as well as for support under different Boxes. It is proposed that the *Blue Box* support shall not exceed 2.5 per cent of the average total value of agricultural production in the 1995-2000 base period. For all Members other than the United States, the limit to the value of support that may be provided to specific products as Blue Box entitlements shall be the average value of support provided to those products during the 1995-2000 period. For the United States, the limits shall be [110] [120] per cent of the average product-specific amounts that would result from applying proportionately the legislated maximum permissible expenditure under the 2002 Farm Bill for specific products to the overall Blue Box limit of 2.5 per cent of the average total value of agricultural production during the 1995-2000 period. In case of Green Box, it is proposed that it shall be minimally trade distorting. Revised draft also proposed to allow some flexibilities for developing countries on account of food stock holding payments under the Green Box.

*Cotton—Domestic Support:* The Revised draft proposed that AMS support for cotton shall be reduced using the formula proposed in the Revised Draft. The reductions for trade-distorting domestic support on cotton shall be implemented over a period which is one third of the implementation period.



### *Export Subsidy*

The revised draft mentioned that developed country Members shall eliminate their remaining scheduled export subsidy entitlements by the end of 2013. This shall be effected on the two basis ways. First, budgetary outlay commitments being reduced by 50 per cent by the end of 2010 with the remaining budgetary outlay commitments being reduced to zero in equal annual instalments so that all forms of export subsidies are eliminated by the end of 2013. Second, quantity commitment levels being reduced to zero in equal annual instalments from the applicable commitment levels.

The Draft also proposed that Developing country Members shall eliminate their export subsidy entitlements by reducing to zero their scheduled export subsidy budgetary outlay and quantity commitment levels in equal annual instalments by the end of 2016.

The draft mentioned that in accordance with the Hong Kong Ministerial Declaration, developing country Members shall, furthermore, continue to benefit from the provisions of Article 9.4 of the Agreement on Agriculture until the end of 2021, i.e. five years after the end-date for elimination of all forms of export subsidies.

### *Special Products (SPs) and Special Safeguard Mechanisms (SSM), Sensitive Products (SePs) and Special Safeguards (SSG)*

Each of the developing country Members shall be entitled to self-designate Special Products guided by indicators based on the criteria of food security, livelihood security and rural development. There shall be a minimum entitlement of 8 per cent, and a maximum entitlement of [12] [20] per cent, of tariff lines available for self-designation as Special Products. On the other hand, developed country members shall have the right to designate up to 4 to 6 per cent of dutiable tariff lines as sensitive products.

Revised Draft has outlined some modalities for SSM and SSG. It has mentioned that SSM may be invoked for all products, and a price-based and a volume-based SSM shall be available. However, most of the key provisions to understand the implementation of the future SSM (i.e. level of triggers and additional duties) are bracketed and remain controversial. It is also argued that some elements (such as provisions related to scope of product identification, bound rates, price fall requirement for price-based SSM) might constrain the possibility to resort to SSM significantly. In case of SSG, two contradicting options are suggested. The first option suggests maintenance of the SSG and reducing its scope while second option states that SSG should be eliminated.

### *Food Aid*

There is commitment to maintain adequate levels of food aid. General disciplines for all food aid transactions would be observed. Food aid will be needs driven and provided fully in grant form and will not be tied to commercial exports of goods or services. It is also proposed that food aid will not be linked to market development objectives of donor.

Two types of food aid—emergency and non-emergency—will be allowed. Emergency food aid would be provided after declaration and assessment by UN agencies, while non-emergency food aid will have to maintain general discipline plus need assessment. Food aid will take into account of local market conditions of the same or substitute products. Donors are encouraged to procure food aid from local or regional sources and they will be encouraged to shift towards cash-based food aid.

### *Least-Developed Countries*

As agreed in Hong Kong, least-developed country Members are not required to undertake reductions in bound duties (para 145 of the Revised Draft). Developed country Members shall, and developing country Members declaring themselves in a position to do so should: (a) Provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability; (b) Members facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period. In addition, these Members shall take steps to progressively achieve compliance with the obligations set out above, taking into account the impact on other developing country Members at similar levels of development, and, as appropriate, by incrementally building on the initial list of covered products; (c) Developing country Members shall be permitted to phase-in their commitments and shall enjoy appropriate flexibility in coverage; (d) Ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access; (e) Inform WTO Members of the products that will be covered under the commitment to provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008, or no later than the start of the implementation period; and (f) Notify the steps and possible time frames within which they will progressively achieve full compliance with the Decision.

As part of the review foreseen in the Decision, the Committee on Trade and Development shall monitor progress made in its implementation, including in respect of preferential rules of origin. The monitoring procedure should be defined and agreed by the time of final schedules.

### ***Tensions***

Major tensions in agriculture negotiation are as follows:

- *Market Access for LDCs*: It is not yet clear how agricultural commodities will be selected for the exclusion list comprising 3 per cent of the tariff lines.
- *Export Subsidy*: Agreed, conditionally. Outstanding issues are related to self-financing of export credit and insurance programme, different schedules for elimination of export subsidies in terms of budgetary outlays and quantities. State Trading Enterprises (STEs) in Australia, Canada and New Zealand is also a major concern.
- G-20 is concerned about reduction in protection and supports provided by developed countries.
- G-10: Coordinated by Switzerland, Korea, Norway, Japan, Israel, Mauritius have protectionist stand. Multifunctionality of agriculture is argued. Less effective but they slow down discussion.
- Monetisation of food aid is yet to be agreed.
- It is not clear when Revision 2 would be coming.

### ***Implications and Strategies for Bangladesh***

- The issue of market access for agricultural products of Bangladesh is important. Bangladesh has to identify its agricultural products which need to be included in the 97 percent list for which duty- and quota-free market access will be provided.
- Advanced developing countries might also provide DFQF market access for products originated in LDCs. Bangladesh has to negotiate for this.
- Reduction in domestic support by developed countries is likely to increase comparative advantage of some agricultural products of Bangladesh (fruits, vegetables, etc.). Therefore, Bangladesh might support the proposals as regards OTDS reduction and reduction in export subsidy.
- Elimination of export subsidies as well as domestic supports is likely to increase food prices globally. Increase in food prices will negatively affect net food importing countries like Bangladesh.
- Bangladesh may be able to offset the negative pressure if it can export more of other agricultural products, particularly fruits and vegetables. However, major constraint to increase exports of such commodities will be SPS compliance and supply side capacity. Therefore, Bangladesh might demand for appropriate support under Aid for Trade to materialise the possibilities.

### **III.3 Services**

#### ***Ministerial Decisions***

Doha Ministerial Declaration placed services negotiations into the overall time frame of the Doha Development Agenda (DDA). It reaffirms the Guidelines and Procedures for the Negotiations adopted by the Council for Trade in Services on 28 March 2001 as the basis for continuing the negotiations with a view to achieving the objectives of the GATS.

Article 26 of the Cancun Declaration mentioned about the interests of LDCs on Mode 4. Paragraph on LDCs mentioned about giving special priority to the sectors and modes of supply of export interests to LDCs, particularly with regard to movement of service providers under mode 4.

Annex C of the Hong Kong Declaration stipulates that members shall develop appropriate mechanisms for the full and effective implementation of the LDC modalities, including expeditiously developing appropriate mechanisms for according special priority to sectors and modes of supply of interests to LDCs.

#### ***LDC Modalities***

LDC modalities were adopted on 3 September 2003. GATS Article XIX:3 stipulated that modalities for special treatment of the LDCs must be established prior to the market access negotiations.

LDCs proposed that, offering national treatment to foreign service providers is not mandatory for LDCs, and they should not be requested to make additional commitments on regulatory issues e.g. qualifications, standards and licensing requirements.

Preferential market access mechanism should be created for achieving effective market access for LDCs to the developed markets. Members should open their markets to all categories of natural persons from LDCs, particularly unskilled and semi-skilled persons without applying a so-called Economic Needs Test.

#### ***Time Frame***

- Initial requests for specific commitments were to be submitted by 30 June 2002 and offers by 31 March 2003 or as soon as possible (Doha Declaration, Nov 2001).

- Revised offers should be tabled by May 2005 (Doha Work Programme, 1 Aug 2004).
- Plurilateral requests should be submitted by 28 February 2006 or as soon as possible (Hong Kong Ministerial Declaration, Dec 2005).
- Second round of revised offers shall be submitted by 31 July 2006 (Hong Kong Ministerial Declaration, Dec 2005).
- Final draft schedules shall be submitted by 31 October 2006 (Hong Kong Ministerial Declaration, Dec 2005).

### ***Current State of Play***

WTO members are waiting for modalities in Agriculture and NAMA. Members with strong interest in services trade do not agree with this approach and insist that the “level of ambition” in Agriculture and NAMA must match the “level of ambition” in Services. A possible text in Services is being discussed although there are divergent views with regard to the need to have such a text in the first place. Bolivia, Cuba and Venezuela argued that there was no need for a services modalities text, as Annex C of the Hong Kong Declaration and the built-in flexibility for developing countries in the GATS already provided sufficient parameters to conclude the negotiations.

African and Association of South East Asian Nations (ASEAN) groups, as well as Brazil and India, also raised doubts about the usefulness of developing a modalities paper. They have indicated they would participate in the exercise, provided that their issues and concerns are adequately reflected in the paper.

Developed (such as Australia, Canada, Chinese Taipei, the EC, Japan, Korea, New Zealand, Norway, Switzerland, the USA) countries remain keen to see a draft text emerge as soon as possible. LDC group has focused more specifically on the Hong Kong Declaration to “give priority to the sectors and modes of supply of export interest to LDCs, particularly with regard to movement of service providers under Mode 4.”

LDC group has also requested that developed country Members establish appropriate mechanisms to facilitate effective access for LDCs’ services and service suppliers to foreign markets before presenting their final market access offers. Ministers acknowledged in Hong Kong that LDCs were not expected to undertake new market opening commitments.

Developed countries have only offered limited improvements in a few sectors involving skilled workers. USA provides 65,000 H1 visa per year.

### *Granting “Special Priority”*

An LDC text circulated on 28 March 2006 focused on a mechanism requiring developed country Members to grant “permanent, non-reciprocal, special priority solely to LDCs, notwithstanding any provisions of the GATS.”. According to some Members, this mechanism would create a new or modified GATS obligation, as well as require existing GATS obligation (Most Favoured Nation (MFN) to be waived.

The legal effect of the elements of the LDC proposal is being examined in view of the WTO procedures. How a mechanism could be developed to create, modify or waive obligations at the level of GATS agreement, which do not have the “Enabling Clause,” is a matter of contention. The current chair of the Committee on Trade in Services Ambassador Fernando de Mateo of Mexico will hold a dedicated session on “special priority,” to be precise on LDC Modality. A signalling conference will be held to indicate the offers by countries and push forward the liberalisation issue further.

The Maseru Declaration of the LDC Trade Ministers’ meeting in Lesotho reiterated the LDC interests in Services, including special priority.

### *Implications for Bangladesh and Negotiating Strategy*

Developed country Members are strongly against the idea of granting market access for low skilled labour under Mode 4. Bangladesh has to argue her case for commitments on market access and national treatment to LDCs in the sectors and modes of supply of export interest to LDCs, in particular commitments on the temporary movement of persons supplying services (Mode 4), as identified by LDCs. Market access for natural persons in Mode 4 has both strong development and poverty alleviation dimensions. Bangladesh has to identify sectors of export and import interests, and modes of supply that represent her development priorities.

In view of the uncertainty in getting a fruitful market access in the NAMA negotiation, Bangladesh needs to pursue the services negotiations with equal effort. Bangladesh has the possibility to protect domestic services sectors where necessary and to limit offers in those sectors where the impact of liberalisation is not clear. Bangladesh, along with other LDCs should make improved proposals on market access and domestic regulations in Services.

When plurilateral requests are made, Bangladesh should examine those in view of her interest and priority.

### **III.4 Rules and Dispute Settlement**

#### ***Doha Round Agenda on Rules***

- WTO Members agreed at the Doha Ministerial Conference to launch negotiations in the area of “WTO Rules,” mainly in the following areas:
  - (a) Agreement on Implementation of Article VI of General Agreement on Tariffs and Trade (GATT) 1994 (better known as the Antidumping Agreement);
  - (b) Agreement on Subsidies and Countervailing Measures and, in this context, WTO disciplines on fisheries subsidies;
  - (c) WTO provisions with regard to regional trade agreements (RTAs).
- Members agreed to negotiate on clarification and improvement of the existing disciplines under these agreements while preserving their basic concepts, principles and effectiveness and their instruments and objectives, and taking into account the needs of developing and least-developed participants. Members also agreed to negotiate on improving disciplines and procedures under the existing WTO provisions applied to RTAs.

#### ***July Framework***

- The Council reaffirmed members’ commitment to progress in all areas of the negotiations as regard rules and dispute settlement in line with the Doha mandate.

#### ***Hong Kong Ministerial***

- Hong Kong Ministerial Declaration clearly specifies the scope of work under the negotiation on WTO rules in order to clarify and improve the disciplines. Negotiations should focus on determination of dumping, injury and causation, and application of measures, procedures governing the initiation, conduct and completion of antidumping investigations, the level, scope and duration of measures, including duty assessment, interim reviews, sunset and anticircumvention proceedings.
- As regards fisheries subsidy, negotiations should focus on prohibition of certain forms of fisheries subsidies contributing to overcapacity and overfishing in order to strengthen the discipline, and on ensuring appropriate and effective special and differential treatment for developing and least-developed countries considering the sector’s importance in economic development of these countries.
- Regarding improvement and clarification of the existing discipline of RTAs, negotiations should focus more on transparency mechanism of RTAs.

- The Declaration mentioned about the progress made in the Dispute Settlement Understanding negotiations as reflected in the report by the chairman of the Special Session of the Dispute Settlement Body to the Trade Negotiations Committee (TNC).

### *Current State of Negotiations*

#### *Process*

- Chairman of the rules negotiations, Uruguay's Ambassador Guillermo Valles Galmés, released "draft consolidated chair's text of the AD and SCM agreement" (TN/RL/W/213) on 30 November 2007. Interestingly, there are no square brackets or blanks in the drafts. According to the Chair, this is not because there is no disagreement among members regarding the text, but for giving emphasis on the entire text considering the interrelation of different issues. Director General Pascal Lamy mentioned the texts as "ambitious and balanced in all three areas they cover and will enable negotiators to work in a more intensive manner in the coming weeks." However, first meeting on proposed changes ended without any consensus. Major debate is on proposed changes in determination of antidumping duties.

#### *Chair's Draft Text on Antidumping Duty*

- Chair's text has 93 pages with proposed amendments in different areas. The most important amendment proposed is with regard to the determination of antidumping duty. The Agreement on Implementation of Article VI of GATT 1994 mentioned that "the amount of the antidumping duty shall not exceed the margin of dumping as established under Article 2." In order to clarify it, chair proposed that determination of anti-dumping duty may be made on the basis of "(i) individual import transactions, (ii) all import transactions by an importer from an exporter or producer, (iii) all import transactions from an exporter or producer. Chair also proposed that in determining the existence or amount of liability for any duty, or the entitlement to any refund, the authorities may disregard the amount by which the export price exceeds the normal value for any comparisons." This supports the practice of "zeroing" as a method of calculation of antidumping duty, which is widely used in USA.<sup>1</sup>

#### *Chair's Draft Text on Fisheries*

- Chair's draft text included a new annex (Annex VIII) on fisheries subsidies. This annex includes eight articles: Article I (Prohibition of certain fisheries subsidies);

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<sup>1</sup> When exporting country's domestic price (normal value) is higher than the U.S. price, the difference is treated as the dumping amount for that sale. When, however, the U.S. price is higher, the dumping amount is set to zero rather than its calculated negative value. All dumping amounts are then added and divided by the aggregate export sales amount to yield the company's overall dumping margin. Zeroing thus eliminates "negative dumping margins" from the dumping calculation.



Article II (general exceptions); Article III (S&D treatment of developing country members); Article IV (general discipline on the use of subsidies); Article V (fisheries management); Article VI (notifications and surveillance); Article VII (transitional provisions); and Article VIII (dispute settlement).

- Chair's text explicitly mentioned about prohibition of eight specific types of subsidies. LDCs are exempted from proposed rules on prohibition of fisheries subsidies under S & D.

#### *Regional Trading Agreements*

- The General Council on 14 December 2006 established a provisional mechanism of transparency for all RTAs. Under the new transparency mechanism, members will announce any RTA earlier and notify it to the WTO.
- RTAs will be reviewed by different committees. The Committee on Regional Trade Agreements will conduct the review of RTAs falling under Article XXIV of GATT and Article V of the GATS. The Committee on Trade and Development will conduct the review of RTAs falling under the Enabling Clause (trade arrangements between developing countries).
- The negotiating group is pursuing a two-track approach: identifying issues for negotiation in formal meetings and holding open-ended informal consultations on more procedural issues related to transparency of RTAs.

#### *Dispute Settlement Understanding*

- A number of special sessions were held in 2007 on the Dispute Settlement Body (DSB) where Chairman of the special session to the General Council, Ambassador Ronald Saborío Soto, presented reports. Chairman's reports mainly mentioned about progress made on various proposals submitted by different countries.
- LDCs submitted a proposal (TN/DS/W/17) in October 2002 to modify the Dispute Settlement Understanding (DSU). LDC's proposals include modification of the following articles:
  - Article 4.10 of the DSU should be changed to read as follows: "During consultations Members should give special attention to the particular problems and interests of developing countries Members, especially those of least-developed country Members."
  - Where a LDC is involved in the consultations, due consideration should be given to the possibility of holding such consultations and other meetings in the capitals of LDCs.
  - Modification of Article 8.10 to the effect that in any dispute involving a developing country, there must be at least one panelist from a developing country.
  - Dissenting judgments should be allowed in the DS system through a rule that the

Members of the panel or Appellate Body should each deliver a judgment and the final decision be taken on the basis of a majority.

- Compensation under Article 22.2 of the DSU should be made mandatory and a strong case for monetary compensation can be made.

### **Major Issues**

#### *Antidumping – Zeroing*

- Inclusion of zeroing as a method for determining antidumping duty has been a major concern of most of the developed and developing countries. At the rules group December meeting, a total of twenty countries submitted a statement demanding prohibition of zeroing. These countries were Brazil, Chile, China, Colombia, Costa Rica, Hong Kong, India, Indonesia, Israel, Japan, Mexico, Norway, Pakistan, Singapore, South Africa, South Korea, Switzerland, Taiwan, Thailand and Vietnam. Argentina, Canada, Ecuador and the EU endorsed the statement.
- In a number of cases under the DSB, practice of zeroing by the US has been condemned by the panels and appellate bodies. Currently there are a number of cases under the DSB where complaints have been lodged against the practice of zeroing, such as DS350. Despite earlier rulings against zeroing, DSB has yet to announce its use as inconsistent with multilateral trade rules. However, the USA accused dispute settlement panels and the appellate bodies for taking positions against zeroing. The USA indicated such rulings demand more authority of the DSB.
- In the Maseru Declaration, LDC members called upon WTO members not to use antidumping duty on LDC exports in order to facilitate their exports.

#### *Implications for Bangladesh and Negotiating Strategy*

- A moratorium on antidumping duty on LDC exports for a certain period of time would enhance their export. At the same time, this will also help LDCs to develop their institutional settings to effectively monitor trade distorting practices by domestic industries. It is perceived from the discussion that such a provision of LDC exports would not be easily ensured under S&D treatment, as practice of dumping is trade-distorting.
- A plausible option would be to extend the limit of *de minimis* for antidumping for LDC export, which is 2 per cent in the existing Agreement. LDCs, however, have not yet submitted any proposal in the negotiating committee.
- Bangladesh should take a leading role to submit a proposal emphasising both on moratorium on antidumping action on LDC export and extension of the *de minimis* limit.

### *Fisheries Subsidy*

- In case of prohibition of subsidies, Chair proposed a “positive list” approach by which certain types of subsidies are to be banned. A number of countries such as Canada, the EU, Japan and Norway expressed their concerns as regards the long list of banned subsidies, particularly government support on fuel, bait, insurance or infrastructure development, etc.
- Although developing countries are allowed to use subsidies for infrastructure development, income and price support, those are conditional upon environmental sustainability criteria. Subsidies for construction, repair and acquisition of vessels are allowed only for boats less than 10 meter in length, but again under sustainability criteria. Developing countries may provide subsidies for construction, repair and acquisition of vessels of any size only in case of Exclusive Economic Zone (EEZ) by meeting the sustainability criteria.
- Developing countries may find it difficult to meet the requirements of establishing compatible fisheries management, as operation and management of fisheries sector are not well developed as required to be compatible under the requirement. Developing countries require technical assistance for developing operational practices.
- ***Implications for Bangladesh and Negotiating Strategy***
  - The exemption from proposed rules on prohibition of fisheries subsidies to LDCs will help develop their fisheries sectors. In the Maseru Declaration, LDCs have demanded approval of Article III.1 of Annex VIII of the Chair's draft text of the 30th November 2007 on Fisheries Subsidies which exempts LDCs from the prohibited subsidies to the fishing sector that are listed in Article I.1 of the text.
  - Since LDCs are not yet ready to adequately undertake the required activities for fisheries management, they need technical assistance to develop institutional, operational and management capacity of fisheries sector. In the Maseru Declaration, LDCs have demanded provision for adequate technical assistance to meet information requirements under the Notification and Surveillance on subsidies Implementation of the provision of technical assistance, particularly for the information requirements of Article VI:5. Bangladesh should demand technical assistance for improving institutional, operational and management mechanisms of her fisheries sector.
  - Bangladesh, as well as other LDCs, needs to be careful so that their use of subsidy does not deplete, harm, or create overcapacity of highly migratory fish stocks.

*Dispute Settlement Understanding*

- LDCs' participation in the DSB is rather rare. This does not necessarily imply that LDCs do not have any issue that needs to be placed in the DSB. LDCs find the DSB system complex, lengthy and expensive. More importantly, LDCs lack institutional capacity to raise their issues in the DSB. According to Advisory Centre on WTO Law (ACWL), LDCs proposal to change disciplines under S&D treatment would not ensure their increasing presence in the DSB, as major weaknesses are not in the DSB process. Lack of awareness about rights on the part of industrialists of LDCs is a major weakness. Besides, some of the proposed changes are not compatible with the basic principles of DSB.
- The proposal submitted by the LDCs is already considered outdated by major negotiating countries. Hence, LDCs have to either revive the proposal or submit a fresh proposal to negotiate for ensuring better participation in the DSB.
- In order to enhance LDCs participation in the DSB, there needs to be more support to strengthen the ACWL in order to enhance their capacity to deal exclusively with LDC complaints. However, till now neither developing countries nor LDCs have proposed for enhancement of the capacity of the ACWL. A proposal could be submitted by Bangladesh in this respect.
- ***Implications for Bangladesh and Negotiating Strategy***
  - Bangladesh lodged a complaint in the DSB only once. The case involved India's antidumping duties on lead acid battery import from Bangladesh. It was not an easy task for Bangladesh to lodge a complaint in the DSB because of limited expertise in antidumping matters within the statutory authority or in the country to ascertain the merit of a dumping case, lack of adequate funds to pursue the case to the end and constraints in terms of taking political decision.
  - Private sector of Bangladesh should play a more proactive role in raising complaints about trade-distorting practices of other countries. Private sector, with support of the government, may make use of the services of the ACWL regarding their queries on trade practices and trade related matters involving other countries. Government should take necessary measures to raise awareness among local industrialists as regards their rights in the WTO, and opportunities and scope of raising issues related to trade-distorting practices of other countries.

### **III.5 Aid for Trade (A4T)**

#### ***Aid for Trade in the Hong Kong Ministerial***

Paragraph 57 of the Hong Kong Ministerial declaration states, "...Aid for trade should aim to help developing countries, particularly LDCs, to build the supply-side capacity and trade related infrastructure that they need to assist them to implement and benefit from WTO agreements and more broadly to expand their trade..."

The Ministers also agreed that A4T cannot be a substitute for the development benefits that will result from a successful conclusion to the Doha Development Agenda, particularly on market access. A4T is not part of the Doha negotiating agenda. Hence, it can be pursued and implemented independently over the Doha outcome. Both LDCs and developing countries have access to A4T. It is both for national and regional level projects.

The WTO, in close collaboration with the World Bank and the IMF, is the focal point of the A4T agenda at the international level.

#### ***Task Force and Components of A4T***

In the Hong Kong Ministerial, the WTO Director General was invited to create a Task Force for operationalisation of A4T. In February 2006 this Task Force was created with 13 members: *Barbados, Brazil, Canada, China, Colombia, the European Union, Japan, India, Thailand, the United States and the coordinators of the ACP, the African Group and the LDC Group.*

The WTO Task Force on A4T concluded that additional, predictable, sustainable and effective financing is fundamental for fulfilling the A4T mandate. It was also decided that A4T was to be guided by the Paris Declaration on Aid Effectiveness.

Task Force took a broader definition to include supply-side constraints. It recommended that all projects and programmes should be considered as A4T if these activities have been identified as trade related development priorities in the recipient country's national development strategies. On 27 July 2006, the Task Force distinguished five categories of A4T:

- Trade policy and regulation
- Trade development
- Trade related infrastructure

- Building productive capacity
- Traderelated adjustment

**Availability of Resources**

The Task Force addresses both the need for additional resources and the need for a more effective delivery system. However, availability of additional fund is a challenge

**Table Donors' Commitments on A4T up to and during Hong Kong Ministerial**

2001-2004	annual average of EUR 2.0 billion
2004	annual average of EUR 2.4 billion
2005	
	EU: Member States: EUR 2 billion per year by 2010
	USA: USD 2.7 billion a year by 2010 for Physical infrastructure and Trade facilitation
	Japan: USD 10 billion over the next 3 years for Trade, Production and distribution Infrastructure

**Current State of Play**

One of the issues for debate of aid for trade in the operationalisation of Aid for Trade. But it is not clear as to what mechanism should be used for financing, implementation and monitoring; that whether the existing mechanisms like enhanced IF would be used or a new mechanism be created?

The debate is going on management mechanism in relation to implementation of Aid, includes the role of WTO in these tasks and the inclusion of these agreements in the single undertaking of the round (including the countries of region having diverting views) as well as regional mechanism and institution (including the United Nations regional commissions).

**Additional Resources**

First Global Review held on 20-21 November 2007 in order to take stock of what is happening, to identify what should happen next and how to monitor and evaluate in a better way. However, the outcome was not very encouraging in terms of additional funds and new commitments.

**Monitoring of A4T**

The WTO, together with regional banks and governments, organised regional reviews on A4T in Peru, Lima on 13-14 September 2007; in Manila, the Philippines on 19-20 September 2007; and in Dar es Salaam, Tanzania on 1-2 October 2007. The main objectives of these regional reviews were to underline the importance of trade in

development policies, identify the main capacity constraints to export growth, emphasise the importance of comprehensive national and regional trade strategies and encourage developing countries to prepare A4T strategies.

A meeting is due to be held during June-July 2008 to measure the effectiveness. How the effectiveness will be measured is an issue for further discussion.

### ***Implications for Bangladesh***

- Funds under A4T are grants and free of conditionality. Hence, Bangladesh should take advantage of the A4T. The timing for approaching funds under A4T is now as there is considerable goodwill from both the donors and the recipient countries.
- The government has to prepare its own list of projects. These projects should be large in size as opposed to small in case of enhanced integrated framework (EIF).
- Bangladesh should also take ownership in determining her A4T plans involving all stakeholders, from both public, private and also regional stakeholders.
- Bangladesh can be a potential candidate for 2-3 good infrastructural projects, for example, ports, Dhaka-Chittagong road.
- Bangladesh should also generate resources on its own to develop and implement its trade strategy from other sources such as government itself, multilateral donors, regional banks, private sector and private investors.
- Bangladesh can take lessons from the IF which suffered from implementation gap, and utilise the A4T resources to meet her requirements.
- In order to benefit from A4T, a prioritised national plans as well as political commitment are needed.

## **III.6 Other Issues**

### **a. Trade Related Intellectual Property Rights (TRIPS)**

#### ***Major Issue for Debate: Disclosure Proposal***

Under the TRIPS Agreement, countries have no obligation to examine whether there is misappropriation of genetic resources and traditional knowledge in patent applications. Hence, developing countries made a proposal (IP/C/W/474) for an amendment to the TRIPS Agreement so that it would be mandatory for countries to have in their national patent laws a requirement for patent applicants to disclose the countries of origin of biological materials and traditional knowledge used in their inventions, as well as evidence of prior informed consent and benefit sharing arrangements with the countries of origin and relevant local communities.

The disclosure proposal was discussed in the TRIPS Council under the agenda items of the review of Article 27.3 (b) of TRIPS, the relation between the TRIPS agreement and the Convention on Biological Diversity (CBD), and the protection of traditional knowledge and folklore. It is also being negotiated under the "implementation issues" of the Doha negotiations.

Though originally advocated by mainly India and Brazil, the disclosure requirement for patent applications relating to genetic resources and traditional knowledge is being supported by majority of WTO members including Peru, the ACP Group, the Africa Group and the LDC Group. They demand that the issue should be included in the current negotiations in the "horizontal process" of the Doha Round negotiation.

However, developed countries such as Japan, South Korea, the US, Australia, New Zealand and others continued to argue that amending the TRIPS Agreement would not solve the problems of bio-piracy and erroneous patenting.

### ***Strategy for Bangladesh***

The Doha Mandate provides that negotiations on outstanding implementation issues shall be an integral part of the Work Programme. The relationship between the TRIPS Agreement and CBD is a critical implementation issue for developing countries. Bangladesh along with developing countries should also reiterate that in order to make the Doha Round a complete 'Development Round', it is crucial to correct the imbalance in the TRIPS agreement caused by its failure to protect genetic resources and traditional knowledge.

In order to meet the obligations under TRIPS agreement<sup>2</sup> Bangladesh should also identify its priority needs for technical assistance. TRIPS Council set a deadline for providing information on technical and financial assistance needs, preferably before 1 January 2008. It is important that Bangladesh immediately takes steps to identify its needs to meet the compliance deadline of 2013.

### **b. Trade Facilitation**

#### ***Doha Declaration***

In the Doha Declaration, members agreed to review and clarify and improve relevant aspects of Article V (Freedom of Transit), Article VIII (Fees and Formalities related with Importation and Exportation), and Article X (Publication and Administration of Trade

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<sup>2</sup> New deadline for LDCs to implement TRIPS obligation is 1 July 2013, under a decision in 2005, to extend the TRIPS implementation deadline for LDCs. However, the application of pharmaceutical patent for LDCs was extended to 2016.



Regulations) and identify the trade facilitation needs and priorities of members, particularly developing and least-developed countries. Besides, members committed to ensuring adequate technical assistance and support for capacity building in this area.

### ***July Framework***

The negotiation on trade facilitation formally started in July 2004 based on the modalities set in Annex D of the July Framework. In the July Framework, members agreed to commence negotiations on trade facilitation on the basis of the modalities set out in the annex. This annex clarifies issues contained in paragraph 27 of the Doha Ministerial Declaration. It recognises the need for special and differential treatment beyond granting of transition periods, taking into account a country's implementation capacities. LDCs are only required to undertake commitments consistent with their development needs and capabilities. The Annex goes into the issue of the need for technical assistance and capacity building for the LDCs and invites international organisations to undertake collaborative efforts in the provision of the technical assistance. The Annex also stresses that without implementation capacity developing countries may not be required to implement commitments resulting from the negotiations. Therefore, support and assistance are to be extended before and during the implementation phase.

### ***Current State of Negotiations***

- A number of member countries have submitted proposals so far as regards transparency and predictability of trade rules relating to Article X, reduction of incidence and diversity of fees and charges, streamlining of documents and simplification of formalities in connection with Article VIII and non-discrimination and MFN treatment with respect to goods in transit.
- On 18 July 2007, a document was circulated among members, which was supported by the LDCs. LDCs proposed a "positive list" approach in case of commitments to be made by developing and LDCs as regards technical assistance and capacity building (TACB) and S&DT. A minimal set of commitments are to be made which would be determined individually by developing members to be implemented after entry into force; and a set of commitments to be made that would be implemented after the conclusion of a transition period of X years determined on a self-assessment of capacity for LDCs after the entry into force of the trade facilitation agreement.
- Following this proposal, another proposal is submitted by EC which focused on "negative list" approach, where each developing country and LDCs shall notify to all other Members a list of areas in which it needs technical assistance and capacity building and additional time required for implementation which shall not exceed [N] years. The list to be made available on Members' site of the WTO Internet portal.
- In the Maseru Declaration, LDCs demanded priority in case of availing technical and financial support for conducting the self-assessments and priority needs exercise at

national level. Besides, they demanded assistance to determine the costs implications of proposed trade facilitation measures. It is expected that adequate financial and technical assistance and capacity building for the development of required infrastructure in LDCs will be provided through a coordinated and sustained flow of funding. It is demanded that LDCs shall not be required to undertake mandatory commitments until their acquisition of the necessary capacity to implement such provisions. The LDCs should be the ones to determine whether such implementation capacity has been acquired; and LDCs shall individually notify their implementation plans after the entry into force of any new trade facilitation agreement.

### ***Major Issues***

- Under the negative list approach, LDCs will have to take on all commitments contained in the trade facilitation agreement, excluding those that have been notified in terms of technical assistance needs.
- Under the proposal sponsored by the EC and other members, capacity acquisition is not self-determined and the final determination is left to the Committee on Trade Facilitation.
- According to the EC's proposal, LDCs should detail their own requests and then enter into presumably bilateral discussions with donors to secure support for its technical assistance and capacity building activities (TACB) requirements.
- Implementation of technical assistance and capacity building, according to EC's proposal, is mainly left to bilateral initiatives between LDCs and bilateral donors and agencies and relies mainly on the ability and capacity of the concerned LDC to identify and articulate its own needs. LDCs, on the other hand, proposed for the conduct of a TACB-supported capacity self-assessment prior to the signing of the trade facilitation agreement and a greater role for the WTO through the establishment of a WTO trade facilitation (TF) TACB support unit.

### ***Implications for Bangladesh and Other LDCs***

- It seems that modalities to carry out needs assessments prior to the entry into force of the new Agreement on Trade Facilitation need to be clarified and strengthened. Needs assessments, as they are conducted at present, are not adequate and should be followed by cost assessments so that cost implication of all measures requiring capacity building is known.
- Scheduling of commitments should be carried out using a "positive list" approach, indicating what the country could be able to implement from day one.
- In the context of the LDCs' need for technical assistance and capacity building, both during the negotiations and the implementation period, various solutions should be

explored and should not be limited to the bilateral approach suggested by the EC and its partners.

- It is important to develop a link between trade facilitation and aid for trade. In conjunction with trade facilitation measures, the development of infrastructure, including roads, railways, ports, bridges and border posts, is needed if LDCs and other low-income countries are to use trade as a mechanism to reduce the cost of production and supply and so be able to use trade as a mechanism to ensure sustainable economic growth and poverty alleviation.

#### **IV. BANGLADESH'S OVERALL STRATEGIES IN VIEW OF ONGOING WTO NEGOTIATIONS**

In view of the current state of negotiation at the WTO, Bangladesh needs to adopt a comprehensive and coordinated strategy for advancing her interests in the ongoing negotiations which may include the following:

- Bangladesh as an LDC may not have to undertake any obligation under the Doha Round. However, Bangladesh is likely to suffer from severe preference erosion as a result of the ongoing negotiations. As a net food importing country, Bangladesh may also suffer from food price rise as a result of negotiations in agriculture. In view of all these Bangladesh must pursue a proactive policy which will mitigate her potential losses and create new opportunities for increased market access.
- Bangladesh should get on with the task of preparing the 97 per cent request list for DF-QF market access in US market on an urgent basis. It is unlikely that US will provide zero-tariff access for major apparel items. However, it may be possible to get some items of apparels in the list, with appropriate justification. GoB will need to sit with all concerned stakeholders and get on with the task of preparing this list.
- Bangladesh should actively stress for commercially meaningful market access under the DF-QF provision. Bangladesh, and other LDCs, may prepare proposals for a concrete timeline for phase-in of the remaining exclusion list items and for putting in place a LDC-friendly RoO criterion (*a la* Canadian GSP Scheme).
- Bangladesh should seek enhanced market access from advanced developing countries such as China, Brazil and India. Such market access should be deeper than is provided in the relevant RTAs to the LDCs.
- Reduction in domestic support and export subsidy for agriculture by developed countries is likely to increase comparative advantage of some Bangladeshi agricultural products (fruits, vegetables, etc.).
- Elimination of export subsidies as well as domestic supports is likely to increase food prices globally, which will negatively affect net food importing countries like Bangladesh. Bangladesh must demand for special support for net food importing countries.
- Bangladesh may be able to offset the negative pressure if she can export more of other agricultural products, particularly fruits and vegetables. Therefore, support for development of SPS compliant facilities and certification system through aid for trade should be demanded.
- In GATS, Bangladesh's strategy should be to continue to push for market access under Mode-4. Proposal for market access for low-skilled professionals will need to be designed towards this Mode.

- In rules negotiation, Bangladesh should take a leading role to submit a proposal putting emphasis both on moratorium on antidumping action on LDC export, and extension of the *de minimis* limit.
- Bangladesh should demand technical assistance for improving institutional, operational and management mechanisms with regard to her fisheries sector.
- Private sector of Bangladesh, with assistance from the government, should take proactive role in raising their concerns in the DSB as regards trade distorting practices of other countries.
- Funds under A4T are grants and free of any conditionality. Hence, Bangladesh should take advantage of the A4T. The timing for approaching for funds under A4T is now.
- The government has to prepare its own list of projects which may be submitted for funding under A4T. These projects should be large in size, as opposed to small, in case of EIF. Bangladesh can be a potential candidate for two/three good infrastructural projects, for example, Deep Sea Port, Dhaka-Chittagong highway (6 lane), development of Mongla Port.
- Bangladesh Mission in Geneva is contributing a lot in advancing Bangladesh's interests. However, the Mission's capacity is overstretched. The Mission needs to be further strengthened with additional human resources.
- Geneva Mission will depend on inputs from the capital with regard to a number of issues (97 per cent list; Identification of occupations under GATS Mode-4, Identification of projects for Aid for Trade). These need to be prepared on an urgent basis.

**Annex 1****List of CPD Team Members of Geneva Tracking Mission  
Geneva, March 13 – 21, 2008**

<b>Name</b>	<b>Designation</b>
1. Professor Mustafizur Rahman	Executive Director
2. Dr Uttam Kumar Deb	Head, Research Division
3. Dr Fahmida Khatun	Senior Research Fellow
4. Dr Khondaker Golam Moazzem	Research Fellow

**Annex 2****List of Persons Met by CPD's Geneva Tracking Mission  
Geneva, March 14 – 20, 2008**

<b>I. World Trade Organization (WTO)</b>	
1. Mr. Harsha V Shing	Deputy Director General
2. Mr. John Hancock	Counsellor, Division of Commerce and Finances
3. Mr. Johann Human	Counsellor, Rules Division
4. Ms Marieme Fall De Perez Rubin	Division of Agriculture
5. Mr. Hans-Peter Werner	Counsellor, Development Division
6. Mr. Ian Huxtable	Senior Counsellor, Trade Negotiations Committee
7. Ms Suja Rishikesh	Market Access Division
8. Mr. Hoe Lim	Counsellor, Trade in Services
9. Mr. Tafiqur Rahman	Economic Affairs Officer, Development Division
10. Mr. Shishir Priyadarshi	Director, Development Division
11. Mr. Johan Human	Director, Rules Division

<b>II. Inter-Governmental and Non-Governmental Organisations</b>	
<b><i>Advisory Centre on WTO Law (ACWL)</i></b>	
12. Mr. Frieder Roessler	Executive Director
13. Mr. Leo Palma	Deputy Director
<b><i>UNEP</i></b>	
14. Mr. Benjamin Simmons	Legal Officer, Economic and Trade Branch
15. Mr. Asad Naqvi	Economic and Trade Branch
<b><i>South Centre</i></b>	
16. Ms. Luisa Bernal (Philippines)	Coordinator, Trade for Development Programme
<b><i>University of Oxford</i></b>	
17. Dr. Carolyn Deere	Director, Trade Programme, Global Economic Governance Programme
<b><i>UNCTAD</i></b>	
18. Ms. Laxmi Puri	Acting Deputy Director General

<b>WIPO</b>	
19. Mr Daniul Islam	
<b>IATP</b>	
20. Mr Carin Smaller	Trade Information Project
21. Ms Anne Laurie Constantine	Trade Information Project

<b>III. Country Delegations</b>	
<b>Bangladesh</b>	
22. H E Dr Debapriya Bhattacharya	Ambassador and Permanent Representative of Bangladesh to the WTO and UN Offices in Geneva
23. Mr Md. Motaher Hussain	Economic Minister
24. Mr Muhammad Enayet Mowla	Counsellor
25. Mr Andalib Elias	First Secretary
<b>Canada</b>	
26. H E Mr Don Stephenson	Ambassador and Permanent Representative of Canada to the WTO
27. Mr Jean-Paul Lemieux	Second Secretary
<b>European Commission</b>	
28. H E Mr Eckart Guth	Ambassador, Head of Delegation
29. Mr Michaela Dodini	First Secretary
<b>Luxembourg</b>	
30. H E Mr Jean Feyder	Ambassador and Permanent Representative of Luxembourg to the WTO
<b>USA</b>	
31. H E Mr Ambassador Peter F Allgeier	Deputy US Trade Representative, US Mission to the WTO
32. Ms Lauri Molneir	NAMA Specialist
<b>Brazil</b>	
33. H E Mr Clodoaldo Huguency	Ambassador and Permanent Representative of Brazil to the WTO
<b>China</b>	
34. H E Mr Sun Zhenyu	Ambassador and Permanent Representative of China to the WTO
35. Mr Wang Huaxue	Second Secretary

## Annex 3

**List of Participants of the Seminar on  
“Doha Development Round: LDCs in the End Game”  
held at Montreux, Switzerland on 15-16 March 2008**

Mr Saturnin Aboghe	Conseiller, Permanent Mission of Gabon to the WTO
Professor Olu Ajakaiye	Director of Research, AERC
Mr Tloheland Peter Aumane	LDCs Coordinator, Permanent Mission of the Kingdom of Lesotho
H E Arsene M Balihuta	Ambassador, Permanent Representative of Uganda to the WTO
Mr Ambroise Balima	Conseiller Economique, Permanent Mission of Burkina Faso to the WTO
Mr Constantine Bartel	Asst. Programmes Director, ICTSD
Mr Christophe Bellmann	Programmes Director, ICTSD
Mr Johannes Bernabe	ICTSD
H E Ujal Singh Bhatia	Ambassador, Permanent Mission of India to the WTO
H E Debapriya Bhattacharya	Ambassador & Permanent Representative of Bangladesh to the WTO and UN Offices in Geneva
Mr Ravi Bhattarai	Permanent Mission of Nepal to the WTO
Mr Antoine Bouet	Senior Research Fellow, Markets, Trade, and Institutions Division (IFPRI)
Ms Francoise Carner	
Ms Gloria Carrion	ICTSD
Mr John Clarke	Deputy Permanent Representative, Permanent Representative of the European Communities to the WTO
Ms Cecile de Gardelle	Dialogue Coordinator, ICTSD
H E Fernando DE Mateo y Venturini	Ambassador, Permanent Representative of Mexico to the WTO and Chair of the Services Negotiations
Dr Uttam Kumar Deb	Senior Research Fellow, CPD
Mr El Hadji Diouf	ICTSD
Mr Andalib Elias	First Secretary, Permanent Mission of Bangladesh to the WTO
Mr Peter Elimu	Principal Commercial Officer/Project Director of the Ministry of Tourism, Trade, and Industry Uganda
M. Paul Goodison	Independent Analyst and Consultant
Mr Md Motaher Hussain	Economic Minister, Permanent Mission of Bangladesh to the WTO
Ambassador Nathan Irumba	Chief Executive Director, Southern and Eastern African Trade
Mr Faizel Ismail	Head of South African Delegation to the WTO
Mr Mario Jales	Associate Researcher, Institute for International Trade Negotiations (ICONE)



Ms Peggy K. Mlewa	First Secretary, Permanent Mission of Zambia to the WTO
Mr Elly Kamahungye	First Secretary, Permanent Mission of Uganda to the WTO
Mr Marco James Kassaja	Minister Plenipotentiary, United Republic of Tanzania
Ms Joy Kategekwa	Policy Adviser on Trade Oxfam International, Geneva
Dr Fahmida Khatun	Senior Research Fellow, CPD
H E Ibrahim Mohamed Kheir	Ambassador, Permanent Representative of Sudan to the WTO
Mr Pablo Klein	Counsellor, Permanent Mission of Mexico
Mr David Laborde	Fellow, Markets, Trade, and Institutions Division, IFPRI
Mr Eloi Laourou	Second Secretary, Permanent Mission of Benin to the WTO
Mr Bede Lyimo	Ministry of Planning and Economic Empowerment Dar es Salaam, Tanzania
H E Anthony Maruping	Ambassador, Permanent Mission of Lesotho and coordinator of the LDC group
Mr Niall Meagher	ACWL
Mr Jean-Marcelin Megot	Consular, Permanent Mission of Congo to the WTO
Mr Ricardo Melendez-Ortiz	Chief Executive, ICTSD
Dr Khondaker Golam Moazzem	Research Fellow, CPD
Mr Richard Newfarmer	The World Bank's Special Representative to the UN and WTO in Geneva
Ms Anne Sophie Nivet	International Trade, Development, Economic Governance, Advisory Services Centre (IDEAS), Geneva
Mr Ablasse Ouedraogo	The Economic Community of West African States (ECOWAS)
Ms Sheila Page	Overseas Development Institute
Mr Jose Paulo	Permanent Mission of Mozambique to the WTO
Professor Mustafizur Rahman	Executive Director, CPD
Mr Abdoulaye Sanoko	First Secretary, Permanent Mission of the Republic of Mali to the WTO
Mr Lucas Saronga	Minister Plenipotentiary, United Republic of Tanzania
H E Don Stephenson	Ambassador, Permanent Representative of Canada to the WTO and Chair of the NAMA Negotiations
H E Zhenyu Sun	Ambassador, Permanent Mission of the Peoples Republic of China to the WTO

## Annex 4

28 February 2008 (Final)

LDC TRADE MINISTERS' MEETING  
Maseru, Lesotho  
27 – 29 February 2008

### MASERU DECLARATION

We, the Ministers of the Least Developed Countries (LDCs) responsible for trade, meeting in Maseru, Lesotho with a view to advancing and promoting the interests of LDCs in the Doha Development Round of multilateral trade negotiations at the World Trade Organization (WTO);

*Recalling* the LDC Ministers' Declarations adopted at Zanzibar in 2001, Dhaka in 2003, Dakar in 2004 and Livingstone in 2005;

*Acknowledging* the contribution of trade to the economic development and growth of the economies of LDCs, particularly those that are most vulnerable;

*Desiring* to secure the meaningful and effective integration of LDCs into the multilateral trading system;

*Welcoming* the commitment by Members to exempt LDCs from undertaking any reduction commitments in Agriculture and NAMA;

*Reaffirming* the need to conduct the WTO negotiations in a transparent and all-inclusive manner and the need to maintain the centrality of development outcome from the Doha Development Round;

*Recalling* the commitment of Members of the WTO to place the needs and concerns of LDCs at the heart of the Doha Development Agenda (DDA) negotiations;

*Having reviewed* the progress made in the DDA negotiations towards this goal;

*Noting* that, while progress has been made in certain areas, important common negotiating goals of the LDCs in the DDA have not been attained fully;

#### **Call upon the WTO Members to agree on the following:**

##### **Duty-free and Quota-free Market Access and Rules of Origin**

1. A commitment by developed country Members to fully implement the decision on duty-free and quota-free market access as contained in Annex F of the Hong Kong Ministerial Declaration, including through Agriculture and Non-Agricultural Market Access modalities, with a view to ensuring commercially meaningful duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by the end of 2008;
2. A commitment by developed country Members to grant, in a progressive manner, duty-free and quota-free market access for the remaining 3 per cent of products originating in LDCs at an earlier date, but not later than the end of the implementation period of the Doha Round;

3. Specification by each developed country, on a product-by-product basis, of the dates on which it will grant duty-free and quota-free market access for the remaining 3 per cent of products originating in LDCs by the time Members submit their comprehensive draft schedules of concessions;
4. A commitment by a larger number of developing countries declaring themselves in a position to do so to progressively implement beyond current market access levels and to provide duty-free and quota-free market access to products originating from all LDCs starting at an earlier date, but not later than the end of the implementation period;
5. An agreement by Members to base their rules of origin for products originating in LDCs on the model Rules of Origin in TN/CTD/W/30, TN/MA/W/74 and TN/AG/GEN/20;
6. An agreement to establish an effective monitoring mechanism as part of the NAMA and Agricultural Modalities of the Doha Round, to oversee provisions for duty-free and quota-free market access to all products from all LDCs and to monitor the implementation of simple and transparent rules of origin for products originating in LDCs;
7. Operationalisation of commitment by development partners and the relevant international institutions to provide additional financial and technical assistance through appropriate delivery mechanisms aimed at industrialisation and diversification of LDCs' economies, and to meet their implementation obligations, including fulfilling SPS and TBT requirements, building capacity in standards and related infrastructure and assisting LDCs to manage their adjustment processes, including those necessary to face the results of MFN multilateral trade liberalisation; and
8. Parallel progress should be made in the implementation of DF-QF market access commitments in agriculture and NAMA modalities for comparable outcomes in both areas.

### **Agriculture**

9. A commitment to achieve DF-QF market access provisions specified in paragraph 1 to 8 above;
10. The elimination, in accordance with the Hong Kong Ministerial Declaration, of all forms of export subsidies by the end of 2013, except where provisions are for LDCs;
11. An agreement to cap blue box support and to adopt disciplines on spending at product-specific level;
12. The review and clarification of green box disciplines and the design of appropriate and effective monitoring and surveillance mechanisms to avoid box shifting;
13. Full access to Special Safeguard Mechanism (SSM) under all circumstances to address import surges and price declines. In view of the institutional capacity of the LDCs, recourse to SSM should be simple and user friendly and access to SSM should not be limited to the implementation period. There should be no ceiling on the level of tariff necessary to address import surges. The remedy should be sufficient to address the magnitude of the surge;
14. Access to all Special and Differential Treatment provisions and exemption from any form of reduction commitments;

15. An acceptance by all Members that food aid should respond to the demands of LDCs;
16. Commitments by development partners in the improvement of the monitoring of food aid transactions to avoid commercial displacement in the recipient countries while encouraging the purchase of local and regional products to promote the development of the local and regional agricultural sector;
17. Permitting the monetisation of non-emergency food aid only under exceptional circumstances to be determined by recipient countries;
18. Establishing an appropriate mechanism to address, through Modalities in relevant negotiation bodies, the concern of declining, and volatile commodity prices and the deterioration of the terms of trade as well as an increase in the participation of LDCs in the value chain of production; this should include arrangements between producing and consuming countries/and between commodity-dependent producing countries; and
19. Inclusion of paragraphs 87 to 97 of TN/AG/W/4 Rev.1 as an integral part of the Agreement on Agriculture.

#### **Cotton**

20. Achieving an ambitious, expeditious and specific outcome for cotton trade-related aspects, in particular the elimination of trade-distorting domestic support measures and export subsidies, granting of duty-free and quota-free market access for cotton and cotton by-products originating from the LDCs;
21. Setting up a safety net mechanism for cotton producing LDCs to address revenue losses as a result of declining prices in the international markets; and
22. Implementing the commitment by WTO Members contained in the July Package and the Hong Kong Ministerial Declaration regarding the mobilisation of technical and financial assistance to ensure the coherence between the trade and development aspects.

#### **NAMA**

23. A commitment to achieve the outcomes specified in paragraph 1 to 8 above, under the headings DF-QF market access and rules of origin, in the negotiations on NAMA;
24. Flexibilities for LDCs to determine the level of bindings of their tariff lines. LDCs will be the judge of the extent and level of the bindings they will make;
25. An agreement to eliminate all non-tariff barriers on products originating in LDCs;
26. Agreement not to impose any discipline on export taxes, as these are legitimate tools for development; and
27. Access to all Special and Differential Treatment provisions and exemption from any forms of reduction commitments.

### **Preference Erosion**

28. An agreement to incorporate both trade and non-trade solutions in the NAMA and Agricultural modalities to address the erosion of preferences;
29. An agreement by all Members to incorporate all the tariff lines contained in the list submitted by the LDCs in Document Job (07)/167, with a view to addressing the erosion of preferences on the LDCs in their major markets, namely the EC and the US, and to subject these tariff lines to a longer grace period in tariff cuts as proposed by LDCs; and
30. The sectoral initiatives of the NAMA negotiations shall not harm the export interests of LDCs due to erosion of their preferences. Effective mechanism should be established to mitigate any negative effect of the sectoral tariff initiatives.

### **Services**

31. An outcome in services consistent with the development objectives of the GATS, 2001 Services Negotiating Guidelines and the Hong Kong Ministerial Declaration, including Annex C. Steps towards the completion of the negotiations should be consistent with these objectives;
32. Full and effective implementation of the modalities for the special treatment for LDCs for the negotiations on trade in services before the end of 2008 and as contained in TN/S/13;
33. An immediate fulfilment of the obligations of developing an appropriate mechanism to grant special priority to LDCs in sectors and modes of supply of export interest to LDCs, including through a legal mechanism to ensure that preferential and more favourable treatment to services and service suppliers of LDCs is exempt from the MFN obligation in Article II of the GATS;
34. Commitments on market access and national treatment to LDCs in the sectors and modes of supply of export interest to LDCs, in particular commitments on the temporary movement of persons supplying services (Mode 4) as identified by LDCs;
35. A commitment from developed countries, and developing countries in a position to do so, to provide preferential and more favourable treatment to services and service suppliers of LDCs in accordance with the proposal by LDCs contained in TN/S/W/59;
36. Immediate assistance to LDCs in identifying sectors and modes of supply that represent their development priorities;
37. Provision of needs-based technical assistance and capacity building aimed at assisting in building their institutional framework and domestic regulation capacity including facilitating the establishment of technical standards and participation of LDCs in the relevant organisations; and
38. Commitments by WTO Members to ensure the strengthening of LDC domestic services supply capacity, efficiency, and export competitiveness in accordance with Article IV:1(a) of the GATS and paragraph 8 of the LDC Modalities (TN/S/13). Reporting by WTO Members of any measures taken to date towards that objective. Future commitments shall include measures as set out in paragraph 8 of the LDC Modalities.

### **Trade Facilitation**

39. Priority to be granted to LDCs in availing technical and financial support for conducting the self-assessments and priority needs exercise at national level;
40. Follow-up to the self-assessments and priority needs exercise whereby LDCs are provided assistance to determine the costs implications of proposed trade facilitation measures;
41. Adequate financial and technical assistance and capacity building for the development of required infrastructure in LDCs, through a coordinated and sustained flow of funding that also addresses the cost of the implementation of the proposed trade facilitation measures affecting LDCs;
42. Indication by Members during the scheduling stage of the nature and means of effecting capacity building, technical assistance and financial assistance;
43. LDCs shall not be required to undertake mandatory commitments until their acquisition of the necessary capacity to implement such provisions. The LDCs should be the ones to determine whether such implementation capacity has been acquired; and
44. LDCs shall individually notify their implementation plans after the entry into force of any new trade facilitation agreement.

### **TRIPS**

45. Amendment to the TRIPS Agreement to require, in accordance with the proposals contained in IP/C/W/474, mandatory disclosure of source and origin of biological resources and associated traditional knowledge and proof of prior consent to address misappropriation and erroneous granting of patents in order to enhance the developmental aspects and benefits that could accrue to the LDCs;
46. Commitments by developed WTO Members to provide incentives to enterprises and institutions within their territories that achieve effective technology transfer to LDCs in accordance with Article 66.2 of the TRIPS Agreement. Such measures must go beyond workshops and seminars to include measures that provide incentives to enterprises and institutions in developed WTO Members to work in direct conjunction with enterprises and institutions in LDCs in a manner that results in technology transfer;
47. Establishment of a monitoring mechanism to review the situations where enterprises and institutions within developed WTO Members have provided technology transfer to LDCs as a result of such incentives and their effectiveness at creating a viable technological base in the LDC;
48. A commitment to expedite the process of ratifying the Protocol amending the TRIPS Agreement attached to the Decision of 6 December 2005 (WT/L/641) within the two year extension period agreed to in WT/L/711;
49. A commitment by development partners to provide financial and technical assistance for need assessments and implementation of bankable project identified by LDCs; and
50. Explore the Convention on Biological Diversity (CBD) and its relations with the TRIPS Agreement with a view to incorporating the LDCs concerns embedded in the CBD, but not covered in TRIPs.

### **Rules and Fisheries Subsidies**

51. Approval of Article III.1 of Annex VIII of the Chair's draft text of the 30<sup>th</sup> November 2007 on Fisheries Subsidies which exempts LDCs from the prohibited subsidies to the fishing sector that are listed in Article I.1 of the text;
52. Provision for adequate technical assistance to meet information requirements under the Notification and Surveillance on subsidies Implementation of the provision of technical assistance, particularly for the information requirements of Article VI:5; and
53. Exemption of LDC exports from safeguard measures and antidumping actions so as to facilitate exports from LDCs.

### **Special and Differential Treatment Provisions**

54. Full implementation of the provisions on special and differential treatment for all LDCs and the effective application of these provisions for the LDCs in the process of accession to the WTO; and
55. Establishment of a simple, practical and efficient monitoring mechanism that compliments other existing and proposed monitoring mechanisms which will allow for regular review of the implementation and effectiveness of S&D provisions in the existing agreements in line with paragraph 44 of the Doha Ministerial Declaration as well as provisions that will result from the current round.

### **LDC Accessions to the WTO**

56. The adoption of a binding mechanism to fast-track accession of LDCs, based on full and faithful adherence to the letter and spirit of the Guidelines for LDCs accession to the WTO that were adopted by the General Council in December 2002. Members shall refrain from taking non-trade issues towards acceding countries;
57. A comprehensive review by the Sub-Committee on LDCs of the accession process of the recently-acceded LDCs and an annual review of the ongoing accessions to evaluate the implementation of the LDC Accession Guidelines, with the results of the review included in the Annual Report of the Committee on Trade and Development to the General Council;
58. Ensure the full and automatic application to all LDCs in the process of accession of the provisions on all special and differential treatment for LDCs contained in the WTO Agreements and any such provisions that will emerge from the Doha Round of negotiations; and
59. The provision of increased financial and technical assistance and capacity building programmes on a sustained basis for acceding and newly acceded LDCs to enable them to effectively participate in the accession process and to adhere to their commitments in the WTO respectively, as well as to expedite their integration into the multilateral trading system.

**We further call for:**

60. Full implementation of the commitments made in the Marrakesh Declaration and Ministerial Decisions in favour of LDCs, as well as the Ministerial Decisions on Measures concerning the Possible Negative Effects of the Reform Programme on LDCs and Net-Food Importing Developing Countries (NFIDCs);
61. Efforts to ensure that the negotiations adhere to the principle of less than full reciprocity, asymmetry in market access and the development concerns of LDCs entering into regional arrangements with developed countries under the GATT 1994 Article XXIV and GATS Article V;
62. Provision of increased, sustained and targeted technical and financial assistance in favour of LDCs, consistent with Doha work programme, including continued delivery by WTO secretariat of specialised technical assistance and training activities;
63. Special consideration to be given to developing countries that are in Customs Unions with LDCs in reduction commitments;
64. According high priority and importance to national ownership by LDCs of the EIF as an effective tool to enhance economic development;
65. Strengthening the effectiveness of the EIF through, *inter alia*, building supply-side capacity, technology and trade related infrastructure that would support diversification of LDCs' production and export base;
66. Immediate appointment of the EIF Executive Director, selection and appointment of the Trust Fund Manager and acceleration of other related processes, which will strengthen EIF global governance structure;
67. Operationalisation of the EIF by mid-2008 so that the LDCs start benefiting from the facilities available under EIF;
68. Immediate measures to move the Aid for Trade process from analysis and needs assessment to the implementation at country, regional and international levels with full recognition of regional integration as a necessary step to enhancing trade competitiveness and scale up the overall ODA envelope so that resources are additional and substantial and can be employed in all areas defined in the broad definition of Aid for Trade;
69. Establishment of an appropriate system or mechanism of reporting and monitoring of Aid for Trade which takes into account national foreign aid flow monitoring systems;
70. Efforts to ensure the coherence mandate between the WTO and International Financial Institutions (IMF, World Bank) as well as regional development institutions (AfDB, ADB), in line with the rights and flexibilities that LDCs have obtained under the WTO, is put into full operation to support LDC development objectives; and
71. UNCTAD XII, which offers a unique opportunity, to address the challenges and opportunities of globalisation for development and ensure and strengthen the coherence between development and trade, particularly in the context of LDCs.



**We express our appreciation to:**

72. His Majesty The King, his Government and People of the Kingdom of Lesotho for hosting this LDC Ministers meeting in Maseru;
  73. Development partners, institutions, organisations and agencies who continue to support the efforts of LDCs to secure a trading system that takes their interests into account and those who have made it possible for the LDCs to hold this meeting; and
  74. Lesotho, as Coordinator of the WTO LDCs Group, and mandate her to further pursue the negotiating agenda as contained in this Declaration and to present it to the WTO bodies and Ministerial Conferences.
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