

WTO Notes- Hong Kong- 16 Dec, 2005

No progress on third day of WTO meet. Draft declaration due tomorrow

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The third day of the Hong Kong Ministerial Conference shows poor at WTO Director-General Pascal Lamy's request, the texts develop by some members in agriculture, non-agricultural market access (NAMA) and development issues were discussed in the green room, a term used for meetings between limited number of members who have a major interest in a particular issue. A draft text on duty- and quota-free market access for least-developed country (LDC) exports that would not exclude any countries is doing the rounds. Apparently, it will not give duty free treatment to all products of LDCs, there may be some exceptions like textiles, clothing and footwear which are of special interest to the United States. This may one of the resolutions adopted at the Ministerial. The US has already announced a doubling of the 'aid for trade' package to the LDCs to USD 2.7 bn.

A draft text of the Hong Kong Ministerial will be circulated by tomorrow evening, the WTO spokesman Keith Rockwell said in a briefing to the newsmen today. The text is likely to consist of large number of bracketed texts which will be taken up in Geneva later or even in a second ministerial a few months after this one.

End dates: The discussions on the end date export subsidies continues with EU firmly rejecting any move to specify a definite date, it wants progress on other issues before declaring its position on the date. Brazil's trade minister wants an end date on not just the elimination of export subsidies, he wants dates for the phase-out schedule of other agri subsidies; and an agreement on food aid, certain forms of export credit, and state trading enterprises that export.

Also at the Wednesday evening Green Room meeting, Members identified nine areas in the NAMA negotiations on which to submit text: the formula, the coefficients, the relative values of the coefficients, 'Paragraph 6' countries (i.e., those with fewer than 35 percentage of their tariff lines bound, and thus exempted from tariff cuts under the NAMA mandate in the 2004 July Framework), the 'Paragraph 8'

flexibilities for developing countries, other special and differential treatment (SDT), the 'mark-up' approach for unbound tariffs, sectoral liberalisation initiatives, and the relative level of ambition in agriculture and NAMA.

Services: G-90 says No to Plurilateral approach: The G-90, which includes the group of African, Caribbean, and Pacific countries, the LDC group and the African Union, circulated an alternative annex on services for the declaration on Thursday evening. The text, which builds on an earlier one submitted by the Association of Southeast Asian Nations (ASEAN) group, modifies the prescriptive and mandatory language in the Chair's text that is currently 'Annex C' of the draft declaration. It also drops sectoral and modal objectives in the text.

The paragraph of the original text that obliged Members to enter into plurilateral request-offer negotiations has been replaced with a stipulation that such negotiations "may also be pursued," and the modalities set out for plurilaterals have been removed. The EU, the US, and Mr Lamy had been exerting "immense pressure" on the G-90 countries in informal private meetings to dissuade them from seeking amendments to the services annex of the draft declaration. EU has warned in bilateral meetings that there would be no Ministerial Declaration if the annex were weakened, the diplomat suggested that the EU was using services as a way to avoid making substantial commitments in agriculture. Mr Lamy, too, had intimated to them that demanding modifications to the annex could potentially jeopardise the Hong Kong meeting. The US is putting pressure in the capital of some G-90 countries not to push for changes to the text.

An EU official asserted Thursday morning that "we cannot accept any weakening in the current text." He said that the EU's preference would be to make the text more ambitious. If ministers failed to adopt Annex C in Hong Kong, he continued, "the declaration would be useless from the point of view of services."

Indonesia, Philippines, Venezuela and South Africa have submitted reservations on the services annex.

Environment goods: As part of the environment negotiations, India has maintained that there should not be any predefined list of environment

goods which will be exempt from customs duties. The list would be decided on the merit of the case by the government. India released a statement Thursday outlining its opposition to the so-called 'list' approach to liberalising trade in environmental goods as not in the interests of developing countries.

Trade Facilitation: We understand from a senior customs official present at Hong Kong meeting that the trade facilitation part of the Doha Round is already packaged and ready for delivery. It will be included in the final results of Doha which are expected to take another 18 months or so.

Tonga joins WTO: The Ministerial Conference on Thursday afternoon approved Tonga 's terms of accession, following a lengthy process that began in 1996. Tonga thus becomes the 150th Member of the WTO, on the heels of Saudi Arabia , which acceded on 11 December. Tonga is now in the company of fellow South Pacific islands of Fiji, Papua New Guinea and the Solomon Islands in the WTO ranks. Tonga says that it joined WTO and accepted all the conditionalities that come with it because not being there "simply not an option". It may be recalled that four years ago, Vanuatu, another South Pacific island nation decided not to become a WTO Member on grounds of the high cost in terms of national policies after completing the long process of accession just prior to the Doha Ministerial Conference in 2001.

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