

ORGANIZATION OF EASTERN CARIBBEAN STATES

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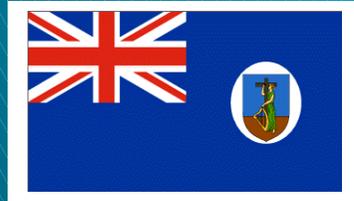
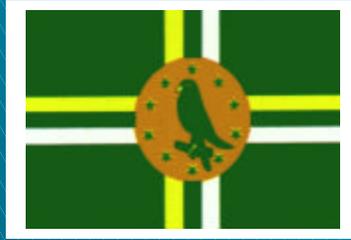
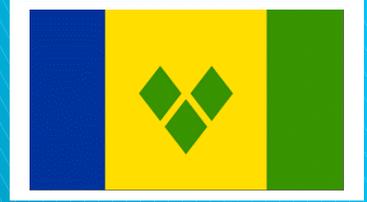
A monthly policy brief on multilateral/hemispheric trade issues of currency for OECS Member States' Trade Policy-makers and the CRNM College of Negotiators



OECS



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The WTO Draft Ministerial Declaration: An Assessment

The Draft Ministerial Declaration for Doha: A Preliminary Assessment

On 26th September, 2001 a WTO Draft Ministerial Declaration was submitted for the consideration of Delegations by the Chairman of the General Council, Stuart Harbinson, in co-operation with the WTO Director-General. The Draft Declaration was issued at the same time as the 'Draft Elements for Decision on Implementation-Related Issues and Concerns'.

The Ministerial Declaration was expected to '*bridge-gaps*' and serve as 'a basis for reaching consensus on an important future Work Programme' because coming out of the July session of the WTO General Council and re-enforced by meetings taking place in its wake little convergence was occurring between the positions of developed and developing countries. It became abundantly clear for multilateral trade officials from the QUAD and WTO that drastic measures were needed to bring developing countries on-board with a Work Programme for the Doha Ministerial Declaration and the idea of a new Round. Mr. Moore delivered - in Nigeria - what would be a speech marking an abrupt change of strategy with respect to bringing developing countries on board in supporting a new Round. This speech was delivered at the 4th Ordinary Session of the OAU/AEC Conference of African Ministers of Trade on 22 September 2001, in Abuja, Nigeria. While it was a given that the speech would re-iterate the message of the 'necessity' of a new Round, what was noticeably different in this speech was that Mr. Moore went beyond his usual iterations regarding a new Round at Doha and instead stressed that such a Round would have 'development' at its center. The EU also took part (and continues to do so) in these series of suasion efforts. It was expected, then, that the Draft Ministerial Declaration would reflect these recent overtures; however, this is *not* the case.

The Draft Declaration represents nothing more than a preamble heavily laden with rhetoric that offers no sense of an embrace of a 'development agenda' and beyond iterations, in the body of the text, on various mandated negotiations and review exercises the Draft Declaration is 'loaded' with issues of importance to the QUAD. From this point of the view, the Declaration is imbalanced.

A Holistic Look at the Draft Declaration

From a preliminary first reading and perusal the reader is struck by how the Declaration comes across as being a '*clean text*' with no significant points of contention save for 'competition' and 'investment', hence the alternative formulations for follow-up given in respect of each. Fundamentally, however, it is blatantly obvious that the Text does not contain any *brackets* that ordinarily in any intermediate text serve to incorporate issues in the text but also serve to indicate that there is *no* agreement on them. The fact is, the Declaration incorporates the 'Singapore issues' as if, *a priori*, they will be on the table for any negotiations forthcoming. Particularly troubling is that paragraph 42 serves as a contingency in the event the 'Singapore issues' are not brought on the negotiating table immediately to get priority status to that end at the 5th WTO Ministerial; it states, "Those elements which do not involve negotiations are also accorded a high priority [...and...] will be pursued under the overall supervision of the General Council, which shall report on progress to the Fifth Session of the Ministerial Conference". In point of fact, there is little agreement across developed and developing countries as regards these four issues - to place these issues on the table presumes acceptance in principle that these issues are up for discussion and as such is a direct affront to developing countries who have been very vocal about their displeasure in seeing these issues on the table at Doha. In fact, recently, a High Level Advisory Group (HLAG) of the Group of 77 recommended against including *new issues* in the agenda or Work Programme of the WTO Ministerial Conference at Doha.

Furthermore, upon closer inspection, the Declaration reads in such a fashion that it comes across as *incorporating* all the elements of launching an 'open-ended' new Round without explicitly saying so; this is apparent in paragraphs 36 to 42 in respect of the discussion of the organization and management of the Work Programme. Any new Round is construed as being 'open-ended', in the context of the Declaration, because of reference in paragraph 36 to 'stock-taking' during the 5th Ministerial Meeting; treating the outcome of negotiations as a single-undertaking in paragraph 38 (signaling 'strong-arming' the Singapore issues onto any negotiating agenda); and, paragraph 42 which speaks to the evolution of a 'forward-looking' Work Programme. Paragraphs 36 to 42 have several elements that, however implicit, allude to a new Round being launched. *For example:*

- Paragraph 36 speaks of "The negotiations to be pursued under the terms of this Declaration shall be concluded no later than" - making reference to a specific date is an issue as is reference to 'taking stock of the progress of negotiations' with respect to the 5th Session of the Ministerial Conference;

- Paragraph 37 states “The overall conduct of the negotiations shall be supervised by a Trade Negotiations Committee under the authority of the General Council”;
- Paragraph 38 states that “The conduct, conclusion and entry into force of the outcome of the negotiations shall, with the exception of those related to the amendment of the Dispute Settlement Understanding, be treated as parts of a single-undertaking”;

To accept the language through paragraphs 36 to 42 would be a *prima facie* acceptance that a new Round is in fact to be launched - to which there has and continues to be no agreement on between developed and developing countries. It is recommended that OECs Member States insist on paragraphs 36 to 42 being *deleted altogether*; the text to replace the paragraphs should be straightforward in discussing a Work Programme without obvious biases in favor of the QUAD countries' agenda.

Concluding Remarks

The calls for a new Round, by the QUAD and the WTO, continue unabated as do the animated prognostications of doom and gloom should a new Round not come to pass; the US in particular has recently warned of the negative repercussions for an already weakened state of the global economy if a new Round is not launched. This doom and gloom prediction is also predicated on the view that if a new Round is not launched, the multilateral system will be viewed as having lost its leverage, efficacy and credibility and ultimately its architecture would be forced to reflect on direction and purpose. History, certainly, is replete with moves toward isolationism as multilateralism is abandoned as a tool to advance the collective goals of nations. Add to this the ever-more publicized backlash against globalization in a great many countries and this may be a recipe that could well place multilateralism on hiatus for a long time. This, clearly, is not good for any nation - developed or developing. In many respects, then, the launching of a new Round at Doha will be a litmus test for determining whether the WTO has, in fact, exhausted its capacity for international trade-opening, co-operation and rule-making, or whether it is still capable of continuing with this mandate established some fifty years ago.

The above notwithstanding, the feasibility of a new Round must be judged on its merits *with respect to developing countries*. Clearly, there have been substantive policy and rules-related issues left pending from the Uruguay Round. However, as is evident in the language and thrust of the Draft Ministerial Declaration, while prevailing rhetoric on the part of the WTO and EU speaks of a ‘development thrust’ percolating in a Doha Round in reality this will likely not be the case. At best, *as at the time of this writing*, it remains

uncertain as to how substantively any WTO Work Programme coming out of Doha will in fact embrace 'development issues' and the other issues of pertinence, e.g. special and differential treatment and a new category for SIDS in the WTO. Contrary to what Mr. Moore described in a press release in the wake of the issuance of the Draft Declaration of the Text being "a basis for reaching consensus on an important future Work Programme" the Text will instead likely be rejected by the developing countries at large, and will not spurn *agreement* or 'bridge gaps' amongst WTO Members in its current drafting.

It is incumbent upon OECS Member States to recommend a re-drafting of the Draft Declaration. Furthermore, from a methodological point of view, OECS Member States are advised that they should insist that the Declaration, in its current drafting, which comes across as *incorporating* all the elements of launching an 'open-ended' new Round without explicitly saying so be altered to correct this thrust. Specifically, references to a new Round from paragraphs 36 to 42 in respect of the discussion of the organization and management of the Work Programme will have to be removed.

Priority Areas for follow-up by the OECS in the wake of Doha

OECS Member States must remain particularly cognizant that the rhetoric with respect to 'development' issues must extend beyond being just rhetoric and permeate the WTO. It is unfortunate that if, in fact, Doha was to truly reflect an effort to inculcate 'development' into the multilateral trade architecture and its instruments, as Mr. Moore and the EU have been stressing in recent speeches at various venues, the Draft Declaration certainly *does not* reflect this. Certainly, paragraph 2 in the general statement of principles or preamble (from paragraphs 1 to 8) speaks of "the Work Programme adopted through this Declaration seeks to place the interests and needs of developing and least developed countries at the heart of the WTO's work", but this is a statement that has only cosmetic value. In fact, the term 'development' appears only twice (see paragraph 1 and 5) from paragraph 1 through to 8; evidence that all recent rhetoric of inculcating development into the WTO's Work Programme is not going to be forthcoming.

In addition, incorporating smaller economies issues in the WTO must remain a priority for the OECS; these Member States are among the smallest and most vulnerable in the world. OECS Member States have a number of characteristics which pose special development challenges in this new global environment. In order for these countries to effectively navigate through and take advantage of opportunities born out of the liberalization of the global economy they must be afforded and recognized as, a special category. CARICOM countries, at large, have consistently lobbied for this additional category further to the three categories of countries, developed, developing and least developed the current

WTO Agreements provide for and appropriate/relevant concessions to be granted to allow these smaller economies to be effectively integrated into the multilateral trading system. It is unsatisfactory that besides the usual 'assurances' of special and differential treatment receiving the highest consideration as reflected in the Draft Declaration that the Text went on to say that a sub-category for such 'smaller economies' would *not be created*.


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