

AFRICAN UNION

الاتحاد الأفريقي



UNION AFRICAINE

UNIÃO AFRICANA

Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone +251115- 517700 Fax : +251115- 517844
Website : www.africa-union.org

EXECUTIVE COUNCIL

Thirteenth Ordinary Session

24 – 28 June 2008

Sharm El-Sheikh, EGYPT

EX.CL/423 (XIII)Rev.1

**REPORT ON THE ON-GOING DOHA ROUND
NEGOTIATIONS IN THE WORLD TRADE
ORGANIZATION (WTO)**

PROGRESS REPORT ON WTO NEGOTIATIONS

I. INTRODUCTION

1. The first semester of 2008 was marked by a momentous evolution in the Doha Round of negotiations, with the release of six texts, including two on agriculture, two on NAMA and two on services. Intense negotiations continue on Agriculture, NAMA, the TRIPS, as part of the horizontal process and within the context of the conference on Services.

II. AGRICULTURE

2. The first quarter of 2008 was characterised by the publication of a couple of comprehensive texts on modalities for Agriculture, dated 8 February and 19 May 2008, respectively. Compared to that of February, the text released in May is characterised by a number of converging elements, resulting in a lesser number of square brackets corresponding to the various options currently on the negotiation table. The proposed text is structured in the form of a decision to be taken.

3. Discussions are still ongoing on a number of issues on which convergence may be achieved, such as the Special Safeguard Mechanism, Food Aid, the Green Box and some modalities on Export Competition. However, as underlined by the Chairperson of the Agriculture Negotiations Committee, such burning issues as the list and number of sensitive products, special products exceptions, the preferences or even tariff simplification will need to be decided upon by Ministers only.

III. EXPORT COMPETITION

4. This pillar has not really progressed. One observes that the repayment period for export credit, export credits guarantee and their insurance programmes is still a contending issue among members of developed and developing countries, the former demanding a shorter period, the latter favouring a longer one. In addition, there should be more clarity in the text on the triggers of the mechanism for the extension of the repayment term and the criteria for assessing food aid needs with a view to informing the members' decision. The circumstances and objects of food aid monetisation constitute an equally contending issue among members. Some developing countries barely accept monetisation, which, they say, must be utilised under truly exceptional circumstances and for transport purposes only.

IV. MARKET ACCESS

5. Discussions resulted in the proposal of new tariff cuts for both developing and developed countries; however, the proposed implementation term of eight years for developing countries does not satisfy the African Group, which is requesting a period of at least ten years. Moreover, it is proposed that quota free countries be authorised to designate sensitive products.

6. If discussion continued on sensitive products, the African Group will request more flexibility on their designation. On the other hand, the proposed options for the designation of sensitive products are clearer, but the African Group insists figures must be higher.

7. Tariff escalation constitutes a landmark achievement in the discussions. If the proposed approach is accepted, a consensus must still be found on the list of products likely to be subjected to tariff escalation.
8. Concerning the establishment of new tariff lines requested by certain developed countries, the African Group is opposed thereto, considering that they would further limit market access.
9. Discussions on the full liberalisation of tropical products are ongoing.
10. Options were proposed as part of the special safeguard mechanism. The number of are also discussing whether it would be relevant to trigger the corrective measure beyond the bound tariffs of the Uruguay Round. However, there are still some bones of contention, including the number of products, the triggering, the corrective measures etc. As part of the African Group is concerned, the solutions providing the greatest amount of flexibilities constitute the bedrock of its positions.
11. The members of the Group concerned, in respect of the a special safeguard mechanism for agriculture are also evaluating the proposals, but the Group should request for developing countries to eliminate this measure.
12. There are also diverging opinions on the long-standing preferences. Proposals were made; the African Group is currently expecting the proposals of the ACP Group, which should constitute the bedrock of its position.
13. Concerning culture, in relation to the market access pillar, the proposal of the C4 has been retained in the proposed document but one is still awaiting some reaction on the part of developed countries.

V. DOMESTIC SUPPORT

14. There has been no major progress concerning this negotiations pillar. Proposals that were made on trade-distorting domestic support are still on the table. However, the Group raised some concerns in relation to flexibilities given to countries that grant many subsidies to their agriculture. The implementation period has been maintained to eight years in the current text under negotiation.
15. Concerning the blue box, discussions are ongoing and African countries must conduct studies in order to identify their main concerns. Discussions on cotton are also ongoing but the Group should stick to its positions that include major reductions in subsidies as well as the establishment of supportive measure for African producers.

VI. NAMA

16. Notable progress has been registered in the area of market access for non-agricultural products (NAMA) in the course of the first quarter of 2008. Indeed, two comprehensive texts on modalities were released on 8 February 2008 and 20 May 2008 respectively. Following countless discussions, the latter was presented for the first time in the form of modalities, including consensual elements along with

parentheses, all seemingly pointing out to the fact that a new text is no longer on the agenda.

VII. FORMULA

17. No consensus has been reached on the coefficient of the Swiss Formula. The African Group requests greater cuts in terms of customs duty for developed countries, and therefore a bigger spread between the coefficients ranges. Thus, the Group request developed countries to apply very low coefficients (7-9) and developing countries the highest (23-26). The period of implementation for the tariff cuts has not always reached consensus. Despite the fact that they are among the longest for developing countries, the proposed bands remains between brackets.

18. Concerning the flexibilities for developing countries that apply the formula, discussions did not generate any convergence on the links that some would establish between the flexibilities, the coefficients and the Sectorals. The content of topics to be discussed during these Sectorals, in which participation is not obligatory, has not received the agreement of all members. The African Group is rather in favour of more transparency in conducting the negotiations.

VIII. SMALL AND VULNERABLE ECONOMIES AND LEAST DEVELOPED COUNTRIES

19. The only African country concerned by this modality is Gabon. The modalities currently proposed will be greatly detrimental to this country, which has a very low tariff line binding level. The Group wishes for it to be granted the opportunity to bring its binding at the level of the currently applied rate, on the understanding that this country is part of the CEMAC zone, were a common external tariff is applied. It is currently suggested that LDCs enjoy duty-free entry of their products into developing countries' markets that declare themselves in a position to do so. This provision is rejected by LDCs that wish to have condition-free access to the markets of the developing countries.

IX. NON-TARIFF BARRIERS AND EXPORT RESTRICTIONS

20. The President of NAMA proposed a set of modalities on the way to reduce tariff barriers. However, members did not agree on specific provisions to be discussed with a view to reducing nontariff barriers. The African Group, moreover, considers that the text on these barriers need only be examined if it carried out a wide consensus on the part of the members. It opposes the proposals on export taxes and restrictions.

X. NON-RECIPROCAL PREFERENCES

21. The cut in MFN Rights for tariff lines enjoying preferences will need to be implemented into seven and nine equal segments by the relevant developed members that grant preferences. Such is the proposal of the Chair of the Group on NAMA Negotiations. The proposal also provides indications on the relevant tariff lines, which should be those of the European Union and the United States. There is no consensus on these proposals. The African Group considers that the implementation period must be of 10 years with a five-year grace period instead of

the two years proposed. The African Group wishes for these relevant tariff lines to be those of the ACP and LDC countries.

XI. SERVICES

22. The negotiations on services have not progressed even though discussions took place. There is no convergence on the content of a text among the negotiators.

23. Thus, the Chair of the Negotiations Committee on Services circulated his report on 26 May 2008, on the elements that are necessary to conclude the negotiations on services. Annex two of the report includes a draft text on services that WTO members could adopt after additional consideration. This document from the Chairman of the Committee of Negotiations on Services is a factual report including a rundown on convergence and divergence points in addition to an annex that could easily be mistaken for a proposed agreement on trade on Services.

24. However, some countries considered that a text on services could actually boost the discussions that are often characterised by mutual accusations on the part of governments more eager to obtain market access than they are to grant it. Given the release of the text on NAMA and Agriculture, the publication of this document on services was evident since WTO developed members considered that the conclusion of the Doha round should take all three areas of the negotiation into account.

25. In order to accelerate negotiations on services, a so-called signalling conference is announced. During which countries will indicate the type of binding liberalisation commitments they are ready to make. This conference, on which all developed countries are pinning their hopes, will focus on the future levels of service-related market openness. However, signals made during this conference ought not to be construed as final specific liberalisation pledge. They might show in a perceptible manner, however, that negotiations on services will progress.

XII. TRADE FACILITATION

26. The work of this Committee aims, inter alia, at increasing the technical assistance, capacity building as well as enhancing the effective cooperation between customs authorities and other relevant authorities, on the issue of trade facilitation and the observance of custom procedures. On this issue, negotiations are equally ongoing. The negotiation partners demand binding commitments, particularly in terms of the schedule and implementation period of the measures intending to facilitate trade. The African Group is not in favour of mentioning a date for the implementation of such commitments.

27. It is henceforth taken for granted that technical assistance will be offered to WTO member countries that will require assistance in updating trade facilitation measures. It must be remembered that, when technical assistance is requested, the situation of the country is analysed, the measures planned evaluated, and a list of commitments is established whose implementation is conditioned by an offer of technical assistance.

XIII. TRIPS

28. Negotiations are ongoing on geographic indications and the links between the TRIPS and the convention on biodiversity.

29. Members are currently discussing the extension of the level of protection of geographic indications for wines and spirits to other products. The Europeans are very favourable to that request unlike the rest of the members who are objecting to it. The members are also engaged into a serious discussing about the TRIPS and CBD. There is much talk about the disclosure of the origin of genetic resources and traditional knowledge contained in the patents. Unlike developed countries, developing countries very much insist on this request.

30. Both proposals are being considered by the Europeans who will only support the disclosure in exchange to an extension of the protection of geographic indications. Discussions on this topic are still going on.

XIV. TRADE AND ENVIRONMENT

31. Sustainable developments and the protection and preservation of the environment also constitute the basic objectives of the WTO, complementing the organisation's objective to reduce trade obstacles and eliminate discrimination in global trade relations. Although there is currently no specific agreement on the environment, pursuant to WTO regulations, the members can take trade-related measures in order to protect the environment, providing several conditions allowing preventing abusive use of these measures to protectionist ends are met. The Doha programme makes provision for specific negotiations on trade and the environment and a number of tasks are assigned to the Trade and Environment Board during plenary sessions.

32. Discussions are ongoing; the African Group disclosed its positions in the area of technical assistance, including the establishment of a Group of Experts to support its member countries, within the framework of an environment-friendly trade.

XV. SPECIAL AND DIFFERENTIAL TREATMENT REGULATIONS TRADE AND DEVELOPMENT BOARD

33. During the first semester of 2008, there has been no major progress in this area of the negotiations.

XVI. HORIZONTAL PROCESS

34. The members are currently discussing issues that are to be addressed within the context of the horizontal process. If there is no doubt that Agriculture and NAMA constitute its pillars, some countries, depending on their interests, are pressing for the inclusion of services, geographic indications, TRIPS and the Convention on Biodiversity. The African Group would be in favour of geographic indications, TRIPS and the Convention on Biodiversity, without prejudicing the right of some of its members to vindicate their current positions.

XVII. CONCLUSION AND RECOMMENDATIONS

- a) Right now, several major issues are of particular concern, namely, Agriculture, NAMA, Services, geographic indications, TRIPS and the Convention on Biodiversity. The said horizontal process should kick-start the negotiations;
- b) The successful completion of the Doha Round of WTO negotiations remains vital for effective integration of African countries into the multilateral trading system, for securing an improvement in their trade performance and for using trade as instrument for the attainment of the Millennium Development Goals and achievement of rapid and sustainable economic growth;
- c) While African countries should continue to support the speeding up of the conclusion of the Round, such acceleration should not be at the cost of the sacrifice of the legitimate requests and interests of Africa as expressed in various Declarations adopted by the AU Policy Organs.
- d) The solidarity and unity of African countries in the WTO negotiations are critical for the attainment of satisfactory completion of the Doha Work Programme that can yield the desired development outcomes in the areas of concern and interest to Africa.
- e) The “Addis Ababa Declaration on WTO Negotiations”, which encapsulates Africa’s common position on major issues should serve as a guide and main frame of reference for African negotiations in this critical stage of DDA negotiations.
- f) The adoption of the Aid for Trade Initiative has been one of major development outcomes of the Doha Round. African countries and RECs need to adopt necessary measures and mechanisms that will enable them take full advantage of the initiative and the financial commitments already made by some development partners.
- g) At this turning point in the DOHA development Round sharp assistance and expertise are needed to understand better the issues at stake and benefit more from the results. It would be both wise and urgent to endow the Geneva-based Representation of the African Union with a couple of seasoned experts, well-versed in matters of international trade negotiations, to support the Group of negotiators, during the remaining period of the Doha Round process.

2008

Report on the on-Going Doha Round Negotiations in the World Trade Organization (WTO)

African Union

African Union

<http://archives.au.int/handle/123456789/4260>

Downloaded from African Union Common Repository