

Report from UNCTADs Trade and Development Board 54<sup>th</sup> session  
Agenda item 6 – Review of developments and issues in the post-Doha work programme  
of particular concern to developing countries – Monday 8 October 2007

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In the General Debate most states highlighted the importance of a successful conclusion of the Doha round. The present situation was described as a crossroad for the Multilateral Trading System (MTS) and the WTO. Honduras stated on behalf of the G77 and China that a successful conclusion to the Doha round could strengthen the credibility of the MTS. In this situation it is essential for the UN and UNCTAD to strengthen its role in development and global economic governance. Trinidad & Tobago stated that the viability of the MTS is in doubt. They were distrustful of the expected gains for developing countries from the round. They quoted a World Bank report that has scaled down estimates of the gains for Developing Countries. The additional gains from liberalization will only be 0.5% of GDP for Developing Countries after the costs of implementation have been taken into account. Malaysia underscored that the conclusion of Doha is vital to the stability of the MTS and Lesotho claimed that the multilateral process is the only option. According to India a failure would weaken the role of WTO and they do not see that as beneficial for anyone. A solid MTS is the most important thing for Mexico; they urged all members to be flexible. USA see the Doha round as a once in a generation opportunity to work for development. They will continue to show leadership which for them means putting material on the table that moves negotiations forward. They believe that it is possible to reach consensus. Zambia declared that not only Developing Countries will suffer with a collapse of the Doha round – all will suffer.

The time issue was addressed by some delegates. Japan claimed that an early conclusion is essential to all WTO members, the European Commission stressed that this is the last chance for a deal in a long time. If the round is not concluded by the end of the year there is a risk that the process will be stalled for at least two more years. Iran (on behalf of the Asian group) and Indonesia warned that an early conclusion might be at the expense of the development needs. Lesotho considered that midyear next year would be more realistic, given the broad agenda.

Many called for a balanced result that addresses both agriculture and NAMA (Non Agricultural Market Access). India wants a result that balances between market access and development needs. The European commission underlined that it is important to take the diversity of interests into account for a successful outcome in favour of development and suggested that one priority could be the opening of fast growing southern markets and to ensure that that the process is not limited to NAMA and agriculture. Iran on behalf of the Asian Group stressed the importance of agriculture for the Asian population's subsistence. According to the Asian Group, the proposed reductions of agricultural subsidies in the expanded blue box will not lead to reduction of subsidies in developed countries. They further declared that it is critical to deal with Non Tariff Barriers (NTBs) in order to enhance market access. Benin stated on behalf of the Least Developed Countries (LDCs) that they expect the Doha cycle to re-establish the necessary balance in

the international trading system through duty free access of LDC products to developed countries.

Many delegates underlined the importance of remaining focused on the development goals of the round. China wished to reaffirm that Doha is a development round and that market access for Developing Countries is the most important thing. Lesotho agreed on significance of giving the LDCs duty and quota free market access and Japan wanted this initiative to be implemented by some developing countries as well. Chad on behalf of the African group stressed the dangers of not taking the developing countries concerns seriously, especially when it comes to cotton and commodities. The main objective should be to find a way out of poverty. Benin on behalf of the LDCs claimed that the focus of the negotiations has shifted from the interests of LDCs to developed countries national interests. Guinea asserted that it had proven difficult to put developing countries at the heart of negotiations; and the success on the round is dependent on development measures taken.

The initiative of Aid for Trade (AfT) was welcomed and even though it's not officially a part of the round it is seen as essential to reach a successful conclusion of the Doha Development Agenda (DDA). USA stated that AfT plays a critical role and is a long term commitment. Iran (Asian group) and Japan want UNCTAD to play a key role in the process on AfT. The Asian Group and Indonesia do not want the implementation of AfT to be dependent on the development of the round, but to start as soon as possible. According to Benin who represented the LDCs AfT can play a role in supporting their efforts and priorities, but AfT cannot take the place of a successful conclusion of the Round or other trade promoting measures. Zambia sees AfT as an integral part of DDA since trade liberalization alone won't lead to desired development outcomes. Trinidad & Tobago agreed with Zambia but suggested the establishment of industrialized zones, with lower taxation, subsidized energy etc. as alternative measures to promote trade. They want to be able to protect the development of new industries and are afraid that the post-Doha setting won't allow them the flexibility to increase tariffs to protect new industries and that this will lead to de-industrialization. According to them, no new rules should be adopted that reduce the policy space of Developing Countries.

The role of UNCTAD as forum for consensus building was underlined by Canada and the Asian group. Indonesia expressed its appreciation of the TDBs contribution to keep the Doha negotiations on the right track. Honduras argued on behalf of G77 and China that UNCTAD must discuss and debate financial policies. They want UNCTAD to actively influence the international trade negotiations and work to build consensus in key areas. The specific role of UNCTAD should be to continue to support Developing Countries and especially the LDCs. This can be done through technical cooperation and analytical work. Russia and Indonesia both emphasized UNCTAD's analytical role in monitoring the development perspective of the Doha round and its role to support the developing countries and ensure their meaningful participation in the negotiations. Japan and the Philippines considered UNCTAD XII and its preparations to be a good opportunity to provide input to and push the Doha round forward.

The session concluded with a lecture by Professor Jagdish Bhagwati who addressed the question of trade from a development perspective. He explained that trade and development are closely connected and that trade should be the primary development strategy. Professor Bhagwati strongly opposed bilateralism and stressed the democratic element of the WTO. According to him, the WTO do not have the means to force a country into an agreement they do not want, and this is why the USA is moving into bilateral negotiations. He claimed that bilateral negotiations are more like blackmail and do not include binding provisions for rich countries. Professor Bhagwati stressed that the WTO is the game to play for developing countries and that the WTO has become much more defensive of the weak. In his opinion, this makes the WTO and UNCTAD natural partners. Bhagwati questioned the LDCs strong resistance to agricultural subsidies. According to Bhagwati, many LDCs are net-importers of agricultural products and thus benefit from cheaper subsidised products. He also asserted that many developing countries underestimate their capacity to grow economically.