



The Ninth WTO Ministerial Conference: LDCs Issues and Nepal

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THE MINISTERIAL CONFERENCE

- The Ministerial Conference is the topmost body of the WTO under the governance structure set up by the “Agreement establishing the WTO”.
- Ministers from all the member states meets at least once every two years.
- The ministerial Conference can take decision on all matters under any of the multilateral trade agreements.



THE PREVIOUS MINISTERIAL CONFERENCES



The Conference	Date	Venue
1 st Ministerial Conference	9-13 December 1996	Singapore
2 nd Ministerial Conference	18-20 May 1998	Geneva
3 rd Ministerial Conference	30 November – 3 December 1999	Seattle
4 th Ministerial Conference	9-13 November 2001	Doha
5 th Ministerial Conference	10-14 September 2003	Cancun
6 th Ministerial Conference	13-18 December 2005	Hong Kong
7 th Ministerial Conference	30 November – 2 December 2009	Geneva
8 th Ministerial Conference	15-17 December 2011	Geneva
9 th Ministerial Conference	3-6 December 2013	Bali, Indonesia



NEPAL'S ACCESSION TO WTO

- Nepal acceded to the WTO on 23 April, 2004 under article 12 of the Marrakesh Agreement.
- Nepal ranks as 147th member and the first LDC to accede to WTO passing through rigorous negotiation exercises.
- Nepal completed its first Trade Policy Review in March, 2012.
- TPR duly acknowledges that policies and strategies put forth in trade sector are consistent with the norms of economic liberalization and WTO provisions.
- Nepal has been working as a Coordinator of the LDCs Consultative Group since Dec. 2012.



WTO AND LDCs

- Preamble of Marrakesh Agreement duly acknowledges the need of "positive efforts" required for supporting developing countries and in particular LDCs in order to enable them to secure proportionate share in international trade.
- WTO agreements and ministerial declarations have tried to incorporate different Special and Differential provisions in favour of LDCs.
- Of the 49 LDCs, 34 are member of the WTO and 9 are in the process of accession with observer status.



DEFINING LDCs

- LDCs are the group of countries classified by the UNO as least developed in terms of their low GNI per capita, weak human asset and high degree of economic vulnerability.
- The LDCs category was officially established in 1971 for the first time by UN General Assembly.
- According to the "2012 Triennial Review" 49 countries (34- Africa, 14- Asia & Pacific and 1- Latin America.) are listed under LDCs category, which is almost double compared to 25 LDCs in 1971.



THE LDCs CONSULTATIVE GROUP

- The Group was established in January 2001 as Informal Group;
- It works as a platform to identify LDC interests and brainstorm, coordinate and articulate their positions;
- The Group serves as the facilitator for LDCs' participation in the WTO and DDA negotiations (e.g. proposals & statements, alliance with other groups);
- LDC Ministerial declarations provide overall guidelines for the Group's positions.



THE LDCs CONSULTATIVE GROUP COORDINATORSHIP



(Based on 6-month rotation among Geneva-based
LDC Members)

2001 Jan. – Dec. **Tanzania**

2002 Jan. – Aug. **Uganda**
Sep. – Dec. **Zambia**

2003-2004 Jan. 2003 – Feb. 2004 **Bangladesh**

2004 Mar. – Oct. **Tanzania**

2004-2006 Nov. 2004 – Jun. 2006 **Zambia**

2006-2007 Jul. 2006 – Mar. 2007 **Bangladesh**

2007 Apr. – Jun. **Zambia**

2007-2008 Jul. 2007- Oct. 2008 **Lesotho**

2008-2009 Nov. 2008 – Dec. 2009 **Tanzania**

2010 Jan. – Dec. **Zambia**

2011-2012 Jan. 2011– Jan. 2012 **Bangladesh**

2012 Feb. – Dec. **Haiti**

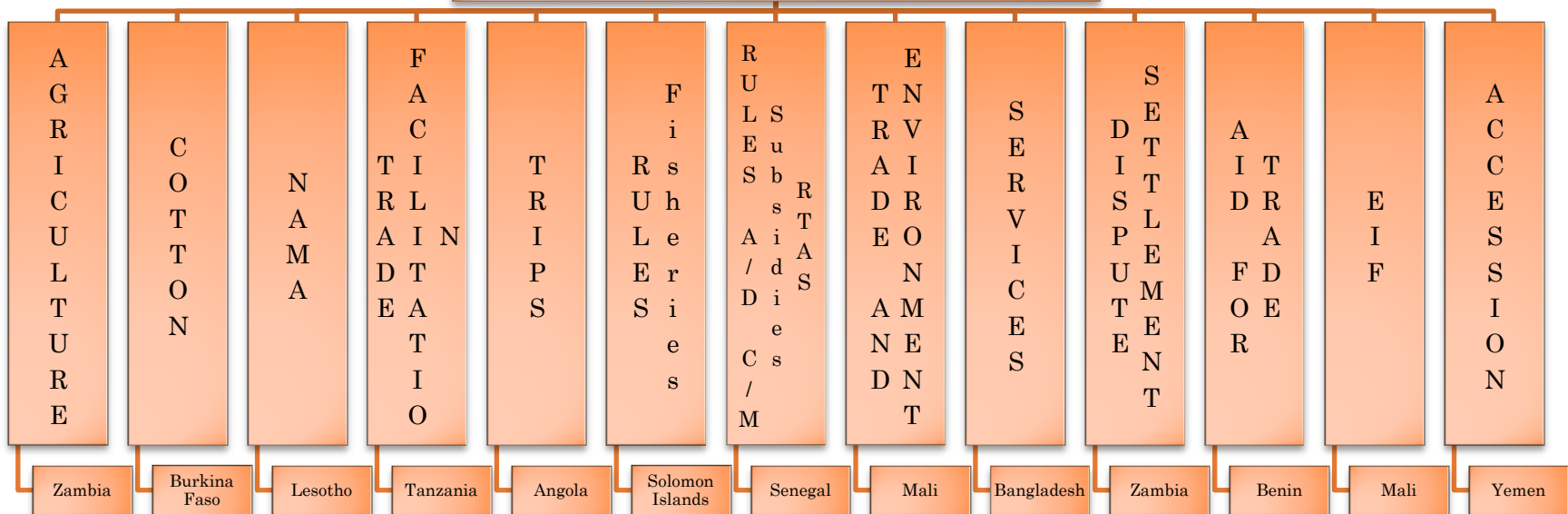
2013 January - **Nepal**



FUNCTIONAL STRUCTURE OF LDC COORDINATOR

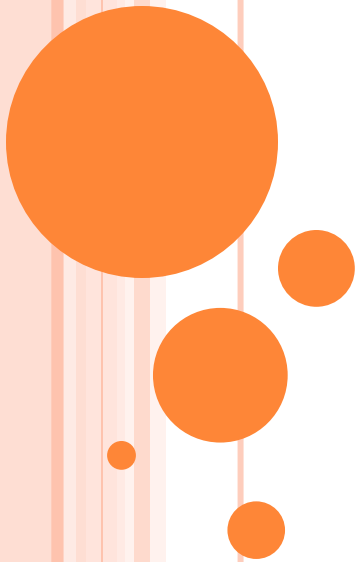


- Ministerial Level
- Ambassadorial Level
- Expert Level





Major Achievements under Nepal's LDCs Consultative Group Co-ordinatorship in the WTO (Since Dec.2012)





BACKGROUND



- Nepal undertook the role of Coordinator of the LDC Consultative Group in the WTO on 14 Dec. 2012 from Haiti.
- Nepal has been engaged in all negotiations that are of particular interest to LDCs.
- Consolidation and submissions of LDC package (31 May, 2013)
- Successful conclusion of Negotiations on Extension of the Transition Period Under TRIPS Article 66.1 for LDC members, 2021.



SOME KEY ACCOMPLISHMENTS UNDER NEPAL'S COORDINATION...

- Updating of WTO Work Programme for LDCs incorporating the fundamental provisions of Istanbul Plan of Action (28 June, 2013).
- Stabilization of draft decision text on Preferential Rules of Origin and operationalization of LDCs Services Waiver.
- Organisation of 2 days' Brainstorming Meeting on Operationalization of the LDCs Services Waiver 3-4 October, 2013 as part of developing Joint Request Proposal.



SOME KEY ACCOMPLISHMENTS UNDER NEPAL'S COORDINATION...

- Leading role in developing, consolidating and presenting LDCs' perspective in TF Section II for Negotiation. Active engagement in TF section II negotiations as a group coordinator .
- Engagement in TF section 1 negotiation on the basis of individual national capacity.
- Active participation at different DG-led E-room consultation at Expert Ambassador Level on different crucial agenda including LDCs' concern.



ARTICULATION, PRESENTATION AND DEFENCE OF LDCs' ISSUES AT DIFFERENT FORUMS

- Interactions with Indian Trade Minister, Senior Officials of USTR and with EU Trade Commissioner on LDCs' key trade issues
- Active Participation in G-90 Group Meeting, Friend of Development Group meeting and similar other group meeting.
- Active participation in and contribution to a large number of Cross-sectoral Meetings and Forums.
- Representation in various Board, Agency in the capacity of LDC Group Coordinator such as Management Board of (Advisory Center on WTO Law) ACWL.
- Defended LDCs Position in various Fora, WTO, UNCTAD and South Centre.



Ninth WTO Ministerial Conference Bali, Indonesia



THREE MAJOR PILLARS OF BALI AGENDA

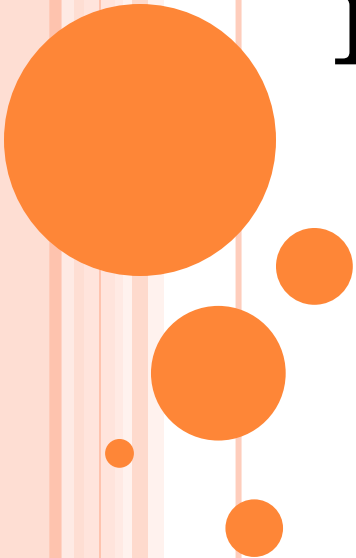
Development/LDCs

Trade Facilitation

Agriculture



Development/LDC's issues in WTO 9th Ministerial Conference





DEVELOPMENT

- Under development Agenda Cancun 28 and Monitoring Mechanism are main.
- Cancun 28: The Cancun Annex C containing 28 S&D proposals has been put forward for possible adoption at the WTO's Ninth Ministerial Conference. Despite having series of negotiation, convergence could not built and the agenda has been dropped.
- Monitoring Mechanism
 - A final version of the document relating to the Monitoring Mechanism on S&D (JOB/TNC/34) with scope, functions, terms of reference and operation was achieved on 25 November 2013. This mechanism will monitor all special and differential provisions contained in multilateral WTO Agreements, Ministerial and General Council Decisions and make necessary recommendation to the concerned body of the WTO.
- LDCs Package



Doha Ministerial Declaration and LDCs

Preamble of Doha Declarations, 2001

- *Recognized the particular vulnerability of the LDCs and the special structural difficulties they face in the global economy.*
- *Committed to address the marginalization of LDCs in international trade and to improve their effective participation in the multilateral trading system.*



Doha Ministerial Declaration and LDCs...



- *Recalled the commitments made by ministers in Marrakesh, Singapore and Geneva meetings and by the international community at the **Third UN Conference on Least-Developed Countries in Brussels**, to help least-developed countries secure beneficial and meaningful **integration into the multilateral trading system and the global economy**;*
- *determined that the WTO will play its part in building effectively on these commitments under the Work Programme they are establishing.*



Doha Ministerial Declaration and LDCs

The Declarations

- *Recognized the integration of the LDCs into the multilateral trading system requires meaningful **market access**, support for the **diversification of their production and export base**, and **trade-related technical assistance and capacity building**.*
- *Committed to the **objective of duty-free, quota-free market access for all products originating from all LDCs**.*



Doha Ministerial Declaration and LDCs...

- *Further committed to consider **additional measures for progressive improvements in market access for LDCs.***
- *Agreed to work to facilitate and accelerate negotiations with acceding LDCs.*
- *Instructed the **Sub-Committee for LDCs** to design such a **work programme** and to report on the agreed work programme to the General Council at its first meeting in 2002.”*



HONG KONG MINISTERIAL DECLARATION AND LDCs

- Reaffirmed the Declarations and Decisions adopted at Doha, as well as the Decision adopted by the General Council on 1 August 2004
- Agreed to implement DFQF market access for products originating from LDCs
- Emphasized for the full and effective implementation of the LDC Modalities, including appropriate mechanisms for sectors and modes of supply, Providing targeted and effective technical assistance and capacity building for LDCs



THE LDCs PACKAGE

- Nepal in the capacity of LDCs Group Co-ordinator submitted LDC package on 31 May, 2013.
- LDC Package includes following 4 core issues :
 - Decision on implementation of DFQF Market Access in line with and as a followup decision on Hong Kong Ministerial Declaration.
 - Adoption of simple and flexible preferential rules of origin criteria to further enhance exports from LDCs.
 - Decision on longstanding issue of Cotton, mainly covering market access, development and technical assistance aspects.
 - Operationalization of LDCs services Waiver



DFQF MARKET ACCESS

- LDCs long-standing agenda since 6th Ministerial Conference
- Opposition from Lesotho and Haiti on its time bound implementation (AGOA is existed)
- Opposition also for full implementation of DFQF for all LDCs by some African countries like Kenya and Mauritius.
- Nepal as a group coordinator is insisting on
 - Implementing at least 97% DFQF market access from all developed and developing countries as per Hong Kong decision
 - Adopting "do no harm policy" meaning that without minimizing preference that are being enjoyed by Lesotho and Haiti, DFQF market access facility should be extended to other LDCs to enhance their export in the international market.
- Negotiation on this issue is still going on and possible outcome is yet to take a shape.



RULES OF ORIGIN

- Market access (lowering or nullifying tariff) alone could not support LDCs to enhance their export to international market as long as Rules of Origin are stringent, non-transparent and complex
- Hong Kong Ministerial conference put forth the notion of improving existing Rule of Origin and making it more simple, transparent and LDCs friendly.
- Country specific Rules of Origin based on different formula and requirements have discouraged LDCs to enjoy preferential market access.
- LDCs group has drafted new Rules of Origin with a view to harmonizing and simplifying major existing Rules of Origin that are being applied by different developed countries/region.
- Some of the developed/developing members have reservation over the draft.



RULES OF ORIGIN...

- A draft text on Preferential Rules of Origin for LDCs (JOB/TNC/24) has been stabilized and expected to be endorsed by the Bali Ministerial Conference.
- Some of the major elements of the text are:
 - It consists of some guideline for determining Country specific Rules of Origin.
 - Value addition with 75% of foreign input has been noted.
 - There is also a provision related to simplicity of documentary requirement.



COTTON

- Four cotton producing African countries (C-4) namely **Burkina Faso, Benin, Chad and Mali** had submitted their proposal in November 2011 for elimination of all forms of subsidies to the farmer of Developed Countries.
- Negotiation is ongoing on the new proposal (TN/AG/GEN/33, TN/AG/SCC/GEN/12) from c4 countries. The group is intensively engaged in negotiation with partners to develop convergence in the proposals.
- Key demands from the C4 are granting of DFQF for cotton by January 1 2015 ; implementation of Hong Kong Decision to eliminate all forms of export subsidies for cotton ; and linking development aspects of cotton with Aid for Trade etc.



OPERATIONALIZATION OF LDCs SERVICES WAIVER

- As decided by WTO 8th Ministerial Conference, LDCs are insisting to operationalize this waiver.
- However, for this, LDCs need some concrete proposal for implementation.
- A draft decision text (JOB/TNC/25/REV.1) has been stabilized and possibly be endorsed from Bali.
- The text provides for periodic review by the Council on Trade in Services of the operationalisation of the waiver. Upon submission of LDCs joint request proposal, a high level meeting will be convened in six month where Members will indicate preferential offers to LDCs.



OTHER LDCs ISSUES

1. ACCESSION

- A systemic issue for LDCs, however, not included in present LDC Package.
- New WTO LDC Work Programme-2013, also emphasizes this issue .
- With a view to simplify LDCs accession, WTO endorsed LDCs' Accession Guideline in July, 2012 which is relatively objective, simplified and transparent.
- LDCs are insisting and emphasizing on implementing new Guidelines fully in letter and spirit for newly acceding LDCs.



2. EIF AND AID FOR TRADE

- EIF has been extended up to Dec. 2015 with additional two years implementation period.
- Increasing fund for EIF initiatives, ensuring country's ownership and leadership while designing and developing Tier 1 and Tier 2 projects.
- Additional funding, predictable and simplified mechanism of utilization of AfT is another pertinent issue for LDCs.
- EIF Mid-term Evaluation took place in Nov. 2012 and Final Evaluation is to take place in 2014



3. TRIPS

- Members have agreed to extend the transition period for LDCs under article 66.1 of the TRIPS Agreement until 2021.
- LDC group are in favour of mainstreaming the issues of prior consent, country of origin and benefit sharing in TRIPS negotiations.
- Nepal needs financial and technical assistance to build capacity to comply with TRIPS Agreement.



TRADE FACILITATION

- Negotiation on Trade Facilitation was initiated in 2004.
- Members were directed to clarify and improve GATT Article V (Freedom of Transit), Article VIII (Fees and Formalities connected with Importation and Exportation), and Article X (Publication and Administration of Trade Regulations)
- Negotiations aim to
 - enhance technical assistance and capacity building in this area and
 - to improve effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.



TRADE FACILITATION...

- Proposed Agreement is divided into Section I (Substantive part) and Section II (Special and Differential Treatment)
- Section I : 14 different articles including Publication and Availability of Information, Freedom of Transit, Customs Cooperation, Advance Rulings, Institutional Arrangements.
- In section II : Special and Differential Treatment Provisions for Developing Country Members and Least Developed Country Members including the following among others
 - General provisions and basic principles
 - Three different Categories of Commitments (Category A, B and C)
 - Provisions of Technical Assistance and Capacity Building.
- Negotiation in the Draft Agreement on Trade Facilitation is going on vigorously and possibly be endorsed form Bali Ministerial Conference.



AGRICULTURE

- Article 20 of Agreement on Agriculture: Continuation of Reform Process
- Doha Mandate:
 - 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
 - special and differential treatment for developing countries shall be an integral part of all elements of the negotiations
- On the basis of Article 20 of AoA and Doha Ministerial Declaration, Modalities in Agriculture was developed (Revised Draft Modalities for Agriculture (TN/AG/W/4/Rev.4) 6 December 2008)

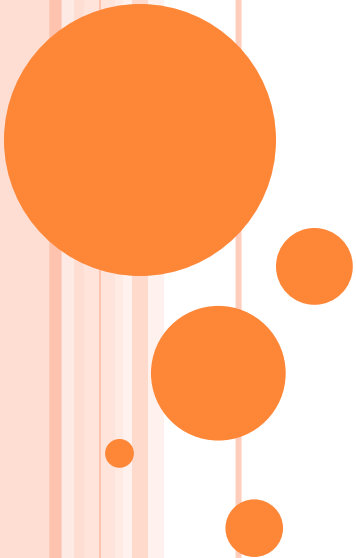


AGRICULTURE...

- Recently negotiated documents are
 - The G-33 Proposal on Food Security: The Proposal focus on public stockholding for food security purpose and increasing green box subsidies to meet the objectives of rural development and poverty alleviation.
 - The G-20 Proposal on Export Competition : Intended toward elimination of export subsidies as per the reduction commitment made by developed country member.
 - The G-20 Proposal on Tariff Rate Quota Administration
 - On the basis of three proposal WTO /TNC has developed new four proposals.
 - The Cotton Issue (Included in LDC Package)



Particular Issues of Interest for Nepal in the 9th WTO Ministerial Conference





DFQF MARKET ACCESS

- DFQF market access is the prime concern for Nepal as that of other LDCs.
- Almost all of the developed members, except USA, have provided DFQF market access to LDCs. Similarly, some of the major developing countries have also progressed significantly in this regard.
- The major concern is the utilization of this access which has been hindered by supply side constraints and complex, stringent and divergent Rules of Origin.



RULES OF ORIGIN

- The EU Rules of Origin are considered more liberal i.e. 30% value addition with regional cumulation. Rules of Origin criteria of some other countries are
 - USA: 35% Substantial Transformation
 - Canada: 40% Ex-factory price; 60% Maximum cumulation (Global)
 - Australia: 50% Ex- Factory Price: 25% Maximum Cumulation (Global)
 - Japan: Sufficient Processing (Product and Components occupy distinct HS tariff Heading)
 - China : 40 %



COTTON

- Nepal's interest on Cotton issue is actually not compatible with the cotton producing African Countries (C4).
- If subsidies in cotton is withdrawn by developed countries, the cost of cotton will go up.
- However, Nepal, being in the position of LDC Consultative Group Coordinator, has provided its support to the cotton issue as it is joined with the other issues of LDCs



OPERATIONALIZATION OF LDCs SERVICE WAIVER

- GDP Contribution of the Service sector is 50.3% in fiscal year 2069/70 (Economic Survey).
- Nepal Trade Integration Strategy (NTIS), 2010 has identified seven export potential service sectors.
- with the implementation of waiver decision Nepal can increase its Service export and current trade deficit can be minimised.



OPERATIONALIZATION OF LDCS SERVICE WAIVER

- With regard to LDCs Service Waiver's utilization, some of the potential sectors, subsector with mode have been identified.
- A diagnostic study conducted for MoCS has identified some potential subsectors for export.
- For the best utilization of service waiver, Nepal needs to conduct intensive sector analysis on the basis of above studies and to enhance further required initiatives such as country specific concepts, proposals and modalities.



TRADE FACILITATION

- A Study on “National Plan for the Implementation of the Future WTO Agreement on Trade Facilitation” was conducted in 2012.
- Among the 39 trade facilitation measures covered under the draft agreement of the WTO, 8 are category in A, 15 are Category in B, and 16 are category in C.
- Under category C, Nepal needs technical assistance, capacity building and extra time to implement.



MAJOR EVENTS OF NEPAL'S PARTICIPATION ON WTO MINISTERIAL CONFERENCE

- The 9th WTO Ministerial Conference
- G-90 Meeting
- LDC's Senior Expert Level Meeting
- Informal Group of Developing Countries (IGDC)
- LDCs Trade Ministers' Informal Meeting
- Ministerial Meeting of the G-20
- Bali Session of the Parliamentary Conference on the WTO
- Trade and Development Symposium / Bali Business Forum



MAJOR EVENTS OF NEPAL'S PARTICIPATION ON WTO MINISTERIAL CONFERENCE...

- Meeting on Operationalization of the LDCs Service Waiver
- LLDC Ministerial Meeting
- Meeting on Way forward after Bali
- SAARC Trade Minister's Meeting
- Bilateral Meeting with Bangladesh Trade Minister
- Bilateral Meeting with ITC ED Ms. Arancha Gongalez
- Bilateral Meeting with Denmark Trade Minister
- EIF Ministers Meeting. [Negotiating groups in the WTO.pdf](#)



Thank You