

# European and External Affairs Committee

## EUR(2) 03-05 (p4)

Date: 14 April 2005

Time: 09.00am

Venue: Committee Rooms 3 and 4, National Assembly for Wales, Cardiff Bay

Title: WTO Negotiations: Doha Development Agenda (DDA)

### **Purpose**

The Committee has requested a paper on the Doha Development Agenda (DDA).

### **Summary / Recommendations**

The Committee is invited to comment on the DDA trade negotiations and the document below.

### **Background**

#### **The WTO**

The World Trade Organisation (WTO) was established in 1995 following completion of the Uruguay round of trade negotiations. It is the official organ of the General Agreement on Tariffs and Trade (GATT). The WTO deals with the rules of trade between nations. At its heart are the WTO agreements - e.g., the GATT, Subsidies and Countervailing Measures Agreement, Antidumping Agreement, Farm Agreement, etc - negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments.

#### **What is the Doha Development Agenda (DDA)?**

At the WTO Ministerial Conference in Doha, Qatar, in November 2001, WTO member governments agreed to launch a new round of negotiations. The negotiations have become known as the Doha Development Agenda (DDA), reflecting the emphasis on increasing the share of global income for developing and, in particular, the least developed, countries (LDCs).

On 1 August 2004 a framework agreement was reached - an important step forward for the DDA, both symbolically, in reversing failure of the WTO Ministerial Conference in Cancun in September 2003, and practically, in setting out the principles of a final agreement (though much of the detailed technical work

remains to be done).

For the most part, the framework agreement sets out guiding principles for future negotiations rather than providing specific proposals. There is enough detail to allow technical discussions on less politically sensitive issues to continue through the first half of 2005. Members should note that EU member states are generally represented collectively in the WTO by the European Commission in accordance with Article 133 EC Treaty. Peter Mandelson is the current Commissioner for Trade.

The framework agreement, and hence the DDA, covers four main areas: agriculture, non-agricultural market access (NAMA), services and trade facilitation. A brief look at each of these areas follows below:

## **Agriculture**

The framework agreement provides a high level of detail on agricultural reform, providing firm commitments across all three pillars of agricultural support:

**Domestic Support:** the text envisages a substantial reduction in the overall level of support. WTO members have agreed to an immediate 20% reduction as a down-payment in year one of the eventual implementation period.

**Export Competition:** export subsidies are to be eliminated by the end date (to be agreed as part of the DDA negotiations). Government support for export credits, guarantees and insurance exceeding 180 days is also to be eliminated and disciplines are to be introduced on related issues e.g. interest payment, interest rates, premium requirements. Disciplines will also be introduced on food aid to ensure that it is genuine.

**Market Access** remains the most difficult and least well defined aspect of the framework. But the framework does conclude that there should be a single approach applying to all members and that this should be tiered, with the highest tariffs taking the highest cuts. Reductions will be 'substantial' but provision has been inserted for 'protection' of sensitive products.

**Special and Differential Treatment** provisions emphasise increased flexibility and lower reduction commitments for developing countries. LDCs are to be exempt from any commitments while developed countries, and those developing countries that are able to do so, should provide duty and quota-free access to LDC imports.

## **Non-Agricultural Market Access (NAMA)**

Given the progress made on agriculture in the framework agreement, developed countries will expect a quid pro quo. They are likely pressure developing countries to be more constructive and liberal in their approach towards NAMA. Developed countries are called upon to grant duty-free and quota-free market access for their non-agricultural products (by a date to be agreed). Developing countries will be able to

utilise Special and Differential Treatment (S&DT) provisions to ease the adjustment to liberalised trade in non-agricultural goods. But a long debate on this issue lies ahead.

## **Services**

Services' negotiations have been making steady progress under procedures agreed in the Doha Ministerial Declaration in 2001 and have not therefore been in the political foreground. But that is likely to change. Further progress depends on substantial improvement in the scope of the liberalisation on offer, particularly in financial, professional (legal, accountancy and architectural), communications, transport, IT and other business services.

## **Trade Facilitation**

Trade facilitation has had something of a troubled history, given linkages to the so-called Singapore Issues which developing countries viewed with suspicion (and which many observers blamed for the collapse of the Cancun Ministerial in 2003). The Singapore Issues - Multilateral Investment Rules, Competition and Transparency in Government Procurement - will no longer form part of the negotiations within the DDA. The agreement on trade facilitation focuses on ensuring support and assistance is available for developing countries with regard to implementing the commitments arising from the negotiations. This should satisfy developing countries that trade facilitation is not a cipher for forcing liberalisation in sensitive areas such capital markets, domestic subsidies and government purchasing.

## **Timetable**

1 June 2007 is the effective final deadline for conclusion of the DDA - a date to which the WTO community is strongly committed.

The Hong Kong Ministerial, in December 2005, is the next major landmark. Setting ambitious but achievable goals for the meeting will be critical.

## **Objectives**

UK objectives for the DDA are to:

- ensure that the Hong Kong Ministerial in December 2005 is seen as a success and marks significant progress
- achieve as complete and liberalising a deal as possible, taking into account time constraints and political parameters
- include appropriate special and differential treatment (S&DT) for developing countries, according to their different levels of development

- stimulate a more competitive European economy
- conclude the DDA by Spring 2007

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