



Agency for International Trade Information
and Cooperation

March 2005

**Report on Regional Workshop:
The WTO Multilateral Negotiations**

Workshop for Government Officials

(8 - 10 December 2004, Hotel Tori, Tbilisi, Georgia)

I. Background and Objectives

1. The workshop, jointly organised by AITIC, the Ministry of Foreign Affairs of Georgia and the International Centre for Trade Policy and Law of Georgia (ICTPL-Georgia), was held from 8-10 December 2004 in Tbilisi, Georgia. It was part of AITIC's programme of trade-related technical assistance to the countries of the Commonwealth of Independent States (CIS). This programme, in its initial phase, focuses on the CIS-7 countries¹.

2. The workshop was organised for senior government officials from some of the CIS countries² and its objective was to enhance their understanding of the current multilateral trade negotiations under the auspices of the WTO, and in particular to provide an analysis of the implications of the WTO General Council Decision of 1 August 2004. Presentations and interactive discussions focussed on prospective developments and positions in the run-up to the Sixth WTO Ministerial Conference to be held in Hong Kong, China in December 2005. Government officials of countries that have recently acceded to the WTO and of those that are in the process of accession had an opportunity to share information and experiences as well as to assess the lessons learnt from their membership to the WTO.

3. In his opening remarks the Deputy Minister of Foreign Affairs of Georgia, Mr Konstantin Kavtaradze, highlighted the importance for Georgia and the countries in the region to become active participants in the globalisation process. A conducive environment with transparent and predictable rules governing international trade enables countries to capitalise their uniqueness within the world economy. Extending the commercial borders of a country also offers the opportunity to promote relations with the rest of the world beyond the economic

¹ Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan and Uzbekistan.

² The workshop was attended by senior delegates from Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Tajikistan, and Ukraine.

sphere. Dr Esperanza Durán, Executive Director of AITIC, emphasised the need for the CIS countries to enhance their participation in the WTO negotiations to make trade work as their engine of economic growth. Capacity-building and training activities for government officials to this end are essential to create the favourable environment to which the Deputy Minister had referred.

II. The Programme

4. The workshop included presentations on the following topics:

- i) The Doha Round and Current Multilateral Negotiations
 - General Overview of the Ongoing Negotiations
 - Specific Issues of Doha Round Negotiations
 - Business Advocacy and Trade Negotiations
 - WTO Accession – What Can We Expect from Hong Kong?
- ii) The Doha Round and Positions of WTO Members
 - Briefing on Negotiating Issues
 - Positioning for Hong Kong 2005
 - CIS-7 Countries: Points of Special Interest within WTO Ongoing Negotiations
 - CIS-7 Countries: Technical Assistance Requirements and Programme Proposal of Cooperation for 2005
- iii) Positions and Interests of CIS Countries in the Doha Round
 - Country Presentations and Discussions

III. Summary of Discussions

A. General Overview of the Ongoing Negotiations

5. Mr Paul-Henri Ravier, former Deputy Director-General of the WTO, gave a general overview of the ongoing trade negotiations at the WTO. He began by recalling the setback of the WTO Ministerial Conference in Cancun in September 2003. Among the most cited reasons for the collapse of talks at the Conference is the disagreement over the Singapore Issues; what concrete measures to take on the cotton initiative; the concerns over the erosion of preferences of the African Caribbean and Pacific (ACP) Group of States; and the opposition between most developed countries and the Group of 20 (G-20) on crucial issues in the agriculture negotiations. The speaker noted that two important lessons could be drawn from the experience of Cancun: first, the notion of *developing countries* has become somewhat questionable. With interests diverging significantly between developing countries, these have coalesced in several interest groups, such as the least-developed countries (LDCs); the recently-acceded members (RAMs); more advanced developing countries; landlocked developing countries (LLDCs); small

and vulnerable economies, etc. Secondly, Mr Ravier encouraged participants to take into account in their evaluations of Cancun the level of commitment of the major players at the WTO, i.e. the European Communities (EC) and the United States (US). The former seem preoccupied with their internal reorganisation and reform while the latter have openly declared to pursue their goals in bilateral trade agreements.

B. Specific Issues of Doha Round Negotiations

6. After outlining the process of multilateral trade negotiations in Geneva leading up to the Decision of the General Council of 1 August 2004 (the so-called "July Package"), Mr Ravier gave a detailed description of the main elements covered by that Decision. Although agriculture certainly remains the centrepiece of the Doha Work Programme (DWP) and despite the progress achieved with the agreement on the Framework for Establishing Modalities in Agriculture (Annex A of the Decision), Mr Ravier warned that agriculture should not have priority over other parts of the DWP. He pointed to an equally important part of the DWP, the Modalities for Non-agricultural Market Access (NAMA), which has also seen no substantive forward movement since Cancun. Mr Ravier also underlined the importance of making progress on the negotiations on trade in services, since this sector has the fastest growth rate in world trade. Most importantly, the July Package sets 31 May 2005 as the deadline for the tabling of liberalisation offers. Participants should prepare to meet this new deadline. In conclusion, the speaker emphasised that the July Package certainly puts trade negotiations back on track but that most of the work towards realising the Doha mandate still remains to be done.

7. A lively discussion followed and participants assessed how far the seeds of Cancun were sown at the Ministerial Conference in Doha, Qatar, in 2001. Mr Ravier reminded participants that after the failure of the Seattle Ministerial Conference in 1999 and in the aftermath of 9/11, many WTO members sensed a need to set a symbolic example for successful multilateral cooperation in Doha. Reflecting on the differentiation of developing countries, participants intensively discussed the concept of development and its position in the multilateral trading system. Are non-reciprocal concessions to developing countries contributing to their development by safeguarding their interests or will they effectively leave behind those members that are most marginal in the multilateral trading system? Delegates pointed out that many of the RAMs are not considered as developing countries, and yet they face similar economic conditions and had to commit to stricter liberalisation regimes than developing-country founding members of the WTO.

C. Business Advocacy and Trade Negotiations

8. Mr Gustavo A. Olivares, Consultant at the International Trade Centre (ITC), defined business advocacy as a special form of persuasive activity by business and trade associations aimed at policy-making. Activities include monitoring of trade policy-making; assisting authorities in research, communication and coalition-building; and providing input to the formulation of trade policies. Mr Olivares explained that the business-government dialogue is not sufficiently institutionalised in developing countries for business advocacy to realise its full

potential. Ideological gaps between government officials and business representatives; political instability; lack of qualified human resources and scarce capacities both in the business and government communities; and weak business organisations constitute significant long-term obstacles. He emphasised, however, that globalisation and the rapidly changing economic environment have led more governments to appreciate multi-stakeholder approaches in policy-making. In particular, companies in the emerging and dynamic sectors of the globalised economy stand to innovate the business-government interactions.

9. Focusing on the trade negotiations at the WTO, the speaker stated that business as the driving force of WTO talks requires better leadership to make its input credible and taken into consideration. He identified a variety of multi-stakeholder partners with whom businesses need to cooperate, *inter alia*, international organisations, professional associations, labour unions and other civil society organisations, parliaments, trade-support institutions and focal points in government authorities. Furthermore, Mr Olivares stressed that expertise and knowledge on the rules of the multilateral trading system and the negotiations at the WTO is the precondition for achieving a substantial impact on multilateral trade negotiations through business advocacy. Past experiences with agreements concluded in the Uruguay Round negotiations, i.e. on agriculture, intellectual property rights and textiles, have demonstrated the importance of involving the business community in implementing agreements. In conclusion, he noted that efficient legal and institutional frameworks need to be established on the national levels to achieve an effective integration of the business community in the policy-making process.

D. WTO Accession – What Can We Expect from Hong Kong?

10. Ms Rosemina Nathoo, Programme Director Asia Pacific of the CTPL-Ottawa, began by highlighting some of the statistics that have been published on the potential benefits for developing countries of trade liberalisation in terms of poverty reduction and increasing incomes. With the July Package WTO members have cast a vote of confidence in the multilateral system. The Sixth WTO Ministerial Conference in Hong Kong, China will serve as a benchmark for measuring the progress achieved on that basis. To ensure that their countries benefit effectively from the negotiations Ms Nathoo encouraged the country representatives to devise regional strategies and to pool resources and coordinate amongst each other. Given that it is unrealistic to assume negotiations under the DWP would be concluded in the foreseen deadline (end of 2005) she expected a comparatively “quiet” Ministerial Conference. She concluded by calling on participants to equip themselves with the necessary knowledge and expertise to contribute effectively and defend their interests in the negotiations in the run-up to the 2005 Conference.

11. The ensuing discussion focused on the terms of accession China negotiated to become a member of the WTO and the expectations members have on the current negotiations and the upcoming Ministerial Conference. A participant enquired if China has negotiated conditions easier to comply with than other RAMs. Ms Nathoo confirmed that many members had seemed readier for concessions to China because of the strong interest in opening up this enormous market. Mr Ravier pointed out, however, that in certain areas China has to

conform to stricter membership requirements than other developing countries. Its *de minimis* threshold for agricultural support, for example, is at 8.5 per cent instead of the standard 10 per cent for developing countries.

E. Briefing on Negotiating Issues

12. On the second day of the workshop, Ms Nathoo provided an overview of issues under negotiation at the WTO. She commenced by recalling the salient points of the previous day's presentations and discussions. Based on a Briefing Module issued by the CTPL-Ottawa she made reference to the main negotiating issues contained in the July Package. She described in great detail the Framework for Establishing Modalities in Agriculture (Annex A), the Framework for Establishing Modalities in Market Access for Non-agricultural Products (Annex B), the Recommendations of the Special Session of the Council for Trade in Services (Annex C) as well as the Modalities for Negotiations on Trade Facilitation (Annex D). She also referred to elements not covered by specific annexes in the Decision on which interesting developments were to be expected. These include the reform of the Dispute Settlement Body (DSB); access to medicines for poorer countries as part of the negotiations on trade-related aspects of intellectual property rights (TRIPS); and crosscutting issues such as trade and environment, and special and differential treatment (S&D) for developing countries.

F. Positioning for Hong Kong 2005

13. In her second presentation Ms Nathoo informed participants on Canada's main interests in the key negotiating areas outlined before. She noted that Canada has taken a very active stance in urging members to push forward reforms in world trade in agricultural products. Canada favoured the elimination of export subsidies, important reductions of domestic support and increased agricultural market access. The speaker stated that Canada's non-agricultural market is already fairly liberalised with 90 per cent of import tariffs duty-free. On trade in services, Canada is very keen on increasing access to foreign markets in the commercial and financial services sectors. More than two thirds of the Canadian population work in the various services sectors. Ms Nathoo explained that Canada sees a need to strengthen WTO rules on anti-dumping, and achieve more predictability and transparency when it comes to countervailing measures. Furthermore, Canada is advocating a simple and cost-effective system of registration of geographical indications for wines and spirits, as well as enhanced cooperation between the WTO's Committee on Trade and Environment and the various secretariats of multilateral environmental agreements. As a major player in the WTO Canada has committed to different schemes of technical assistance, *inter alia*, the Global Trust Fund, the WTO Training Institute, the Integrated Framework (IF) and other programmes assisting developing countries in implementing multilateral trade agreements domestically.

14. The following discussion focussed on Canada's economic and political relationship with its neighbour and big player in the WTO, the US, but also with countries that have assumed a leadership role on certain issues among developing countries, such as India. One participant enquired how different groups of countries, such as the group of LLDCs can achieve a more effective trade diplomacy in the current negotiations. Dr Durán referred him to the recent

deliberations of the Dedicated Session of the Committee on Trade and Development (CTD), the latest proposals submitted by several LLDCs³ in that body, the work of this group of countries in New York and Geneva as well as an *Information Brief*⁴ prepared by AITIC on the peculiar situation of the LLDCs in the multilateral trading system.

G. CIS-7 Countries: Points of Special Interest within WTO Ongoing Negotiations

15. Dr Durán focussed her presentation on the issues of special interest to CIS-7 countries in the current negotiations under the aegis of the WTO. Based on a paper⁵ distributed to participants she analysed the July Package from a perspective of these countries in detail. She directed participants' attention to the great achievement the RAMs among them have made: the July Package envisages "specific flexibility provisions" in agriculture and "special provisions" in NAMA taking into account the commitments RAMs have already undertaken as part of their accession⁶. On trade in services, she recalled a statement by the Chairman of the Special Session of the Council for Trade in Services⁷ emphasising the need to address the situation of these countries. The speaker estimated that the CIS-7 countries stand to gain significantly from measures to be negotiated on trade facilitation. With many among them being landlocked, reducing red tape to facilitate the movement of goods is a high priority. However she also acknowledged the difficulties some of these countries might have in implementing eventual rules in this context. On NAMA, Dr Durán recalled that many RAMs have already seen their tariffs reduced considerably as part of their accession package and are now concerned with a reference in Annex B calling for the elimination of low tariffs altogether. She recommended that countries devise common strategies, undertake joint research efforts and pool resources to effectively equip themselves for the negotiations.

16. Dr Durán also encouraged participants to reflect upon issues that are not specifically mentioned in the July Package but may be of importance to the countries with economies in transition. Participants mostly discussed competition policies as an aspect of prime relevance to them. In their transition from centrally planned to market economies transparent rules on competition can be beneficial to consumers; for example when it comes to dissolving state monopolies in electricity supply or telecommunications. They highlighted the importance of trade-related technical assistance provided by AITIC and other organisations not only in implementing the agreements but especially in achieving an active participation in

³ See document entitled *Proposals submitted by the Landlocked Developing Countries, Work Programme on Small Economies, Communication by Paraguay on behalf of the delegations of Bolivia, Mongolia, Paraguay*, WTO, WT/COMTD/SE/W/10, 27 April 2004 and *Work Programme on Small Economies, Communication from Barbados, Fiji, Mauritius, Papua New Guinea, Solomon Islands and Trinidad and Tobago*, WTO, WT/COMTD/SE/W/11, 6 May 2004.

⁴ See *Information Brief No. 2, Small and Vulnerable Economies: The Specific Problems of Landlocked Developing Countries*, AITIC, November 2004.

⁵ See *CIS-7 Countries: Points of Special Interest in the WTO Doha Negotiation, Issues for Reflection*, AITIC, December 2004.

⁶ Paragraph 9 of the Doha Ministerial Declaration, refers to seven countries that have acceded to the WTO after the Seattle Ministerial Conference in 1999 as RAMs, namely: Albania, Croatia, Georgia, Jordan, Lithuania, Moldova and Oman. However, Armenia only became a WTO member in February 2003 and China has declared itself a RAM.

⁷ See *Report of the Meeting Held on 3-6 March 2003*, WTO, TN/S/M/6, 25 April 2003.

multilateral trade negotiations. Which strategies to follow during the upcoming negotiations was a main subject of debate. In particular, participants evaluated their positioning regarding the main issues under negotiation vis-à-vis China, an emerging big player at the WTO, and other RAMs, such as those that recently acceded to the European Union (EU).

H. CIS-7 Countries: Technical Assistance Requirements and Programme Proposal of Cooperation for 2005

17. The second part of AITIC's session was dedicated to assessing the technical assistance requirements of the CIS countries, in particular those of the CIS-7. Delegates raised the difficulties their countries are facing in ensuring a timely and effective participation in negotiations on issues of their interest. Lack of expertise and human resources posed considerable obstacles. Representatives from countries with no permanent representation in Geneva reported on their difficulties in effectively pursuing their countries' interests in multilateral trade negotiations. Not being present during many of the negotiating sessions; receiving relevant documentation too late; and facing human resource constraints to tackle the heavy workload related to their participation in other international organisations are only some of the structural limitations to their active participation at the WTO. It was discussed how the efforts of the WTO to address this situation could be further improved. Participants highlighted the assistance provided by AITIC on several levels, such as through capacity-building seminars, the preparation of concise and up-to-date information on key negotiation issues and in the form of the speedy translation of important documents. Dr Durán was delighted that AITIC's assistance and services were deemed useful, but she reiterated that technical assistance needs to be demand-driven for it to have a sustainable effect. Countries should assess their particular needs and request technical assistance correspondingly, since they must take the first step in overcoming their structural disadvantages. As their input is vital to all kinds of technical assistance provided, AITIC has incorporated this principle all the way down to the individual level through the personalised assistance it offers delegates on specific trade and negotiating issues.

18. Participants used the end of the session to seek further clarifications from the experts on certain elements of their presentations. Main subjects of discussions and enquiries were the different categories of agricultural domestic support, the political context of the cotton initiative, plurilateral trade agreements and the implications of the Russian Federation's accession to the WTO.

I. Country Presentations and Discussions

19. The last day of the seminar was devoted to an exchange of experiences and sharing lessons from the accession to the WTO. Each participant gave a short overview on his/her country's current status of accession. The presentations included an overview of agricultural and non-agricultural tariffs, the level of liberalisation achieved in different service sectors and regional trade agreements that have been concluded. The participants of the workshop used this opportunity to informally and interactively raise matters of interest to them and to learn from the experiences of their colleagues. Those already members of the WTO brainstormed on how their membership to the WTO has benefited their countries

and how the benefits could be further enhanced and the risks reduced in the current negotiations. A general conclusion that could be drawn is that the eventual negotiated accession modalities of the Russian Federation are of prime relevance to the CIS countries, since this country is their main trading partner.