



Key Messages from the Regional Workshops in Africa on "Post Bali Work Programme"

Africa is rich in natural resources, but faces many formidable challenges including high levels of poverty, unemployment and low productive capacities. Many of these arise from lack of structural transformation, excessive dependence on commodities and large infrastructure funding gaps. International trade can offer immense developmental opportunities for African countries but in order to avail these opportunities productive capacities need to be built, export competitiveness developed and effective participation in global trade and investment flows enhanced. The slow progress of Doha Round of multilateral trade negotiations under the auspices of the World Trade Organization (WTO) has deferred some related developmental opportunities for African countries. However, the successful conclusion of the Ninth Ministerial Conference of the WTO, held in Bali, Indonesia, in December 2013, has added some impetus to the negotiations of the Doha Round.

The Bali Ministerial Declaration in December 2013 instructs the Trade Negotiations Committee to prepare within the next 12 months a clearly defined work programme on the remaining Doha Development Agenda (DDA) issues. Following the Bali Ministerial outcome, WTO member states are now busy preparing for what would constitute the post-Bali WTO Agenda, including unfinished business for the conclusion of the Doha Round, the implementation-related concerns, and other systemic issues.

In this context, UNCTAD has assisted a number of institutions, that is African EXIM Bank, Commonwealth Secretariat, COMESA Leather and Leather Product Institute, Centre for WTO Studies, East African Economic Chamber of Commerce and Ghana Institute of Management and Public Administration, to work together to organise regional workshops for discussing and identifying the issues of interest to African countries which need to be prioritised in the Post-Bali work programme. The regional workshops were held in Nairobi (24th-25th April 2014) for East African countries and in Accra (28th-29th April 2014) for Southern and West African countries. These workshops were inaugurated by the Deputy Minister of Trade and Industry, Ghana and Principal Secretary of Ministry of Trade, Kenya. These consultations have been attended by capital based officials engaged directly or indirectly in WTO negotiations in 20 African countries: Angola, Burkina Faso, Cote d'Ivoire, Egypt, Gambia, Ghana, Madagascar, Malawi, Mali, Mauritius, Mozambique, Niger, Rwanda, Sierra Leone, Kenya, South Africa, Senegal, Swaziland, Tanzania and Uganda.

Based on the discussions and country interventions in the workshops, the following areas have been identified that should be given priority in formulating the Post-Bali work programme:

General messages pertaining to Post Bali work programme

- African countries strongly emphasize that the development aspects of the Doha Round and issues of particular concern to Small and Vulnerable Economies and LDCs must remain the central pillar of the negotiations.
- The Bali package has inherent imbalances in terms of binding commitments on Trade Facilitation and non-binding outcomes on development issues.
- The Post Bali agenda should give consideration to the identified issues as well as those issues which did not have a legal binding outcome during the Ninth WTO Ministerial Conference. The identified issues include export competition in agriculture, cotton, DFQF, finding a permanent solution to food security challenges in developing countries, and reaching binding provisions with respect to various development issues of interest to LDCs.
- The single undertaking principle, which will guarantee the overall balance in the negotiations, should be preserved, and transparency and inclusiveness must remain central to the decision-making process in the WTO.
- In many areas of the negotiations, the stabilised texts must not be reopened to the detriment of the interests of African countries.
- No new issues should be introduced into the work programme.
- African countries should establish effective institutional mechanism for consulting all relevant stakeholders, including the private sector, at all stages of the negotiations. This would ensure that the negotiating position of the African countries articulates and promotes the real (and not the perceived) interests of stakeholders.

Specific messages pertaining to Post Bali work programme

Agreement on Agriculture

- Creating a strong and vibrant agriculture sector remains central to the efforts of African countries, for addressing poverty, hunger and employment. However the bulk of African farming community is small and marginal, thereby posing specific challenges in Doha negotiations. A fair and equitable outcome of Agriculture negotiations would help reduce the asymmetries and imbalances in the Agreement on Agriculture. Reducing domestic support in developed countries, enhancing market access in developed countries for agriculture exports of African countries, protecting farmers in African countries from import surges and low-priced imports are crucial to building a strong domestic agriculture sector. The Post Bali work programme should effectively take account of the development needs of developing countries under the three pillars of negotiations - Domestic Support, Market access and Export Competition.

Domestic Support Measures in Green Box

- There is a need to revisit the provisions for categorising domestic support measures in the Green Box. There is growing empirical evidence that these subsidies do not fulfil the basic principle of having no or at most minimal trade or production distorting effects. Some of the broad principles that can be followed include
 - a. Capping total green box expenditures for developed countries. There is a need to identify an upper bound for the extent of subsidies that can be provided by developed countries under green box. This is important to curtail any further box shifting.
 - b. Limit or completely eliminate subsidies provided under decoupled payments as these payments will necessarily be coupled, either directly or indirectly, and will increase production which may not otherwise be economically viable. This may necessitate a stricter set of criteria for the classification of green box policies; or simply eliminating it over a period of time to be negotiated.
 - c. Allow direct payments only in the case of natural disasters and/or otherwise where production loss has been above a threshold level.
 - d. Structural adjustment programmes have to be time-bound; else they may lead to cumulative production and trade distorting impacts.
 - e. Strengthen the review mechanism to ensure that expenditures categorized under green box satisfy the basic principle of Annex 2.

Public stockholdings for Food Security Purposes

- In the context of new food security challenges facing African net food importing countries in recent years, characterized by substantial strengthening of prices of basic foodstuffs and increased volatility, the importance of domestic support provisions to improve food security, including through public stockholding operations need to be emphasized. The Bali Decision is viewed as a response to these challenges.
- It is important to arrive at an effective permanent solution on public stockholding for food security purposes expeditiously. In this context, the practices already pursued by several developing countries in their notification of market price support (MPS) should be fully reflected in the permanent solution.
- There are no short-term implications of the Bali Decision for LDCs as they are exempted from domestic support obligations under the AoA. But it is in their long-term interest to engage in the negotiations with the objective of arriving at a permanent solution.
- Many African countries face severe capacity deficit in notifying to the WTO under the different agreements and need technical assistance.
- It is important to make progress in disciplining export prohibitions and restrictions under the Doha Round negotiations, as well as on the implementation of the Uruguay Round *Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries*, to help countries facing difficulties in the importation of normal levels of basic foodstuffs.
- Beyond the Bali Decision and issues of short-term volatility, there is a continuous need to provide ample policy space and assistance to food insecure developing countries in support of measures aimed at strengthening their agricultural and rural development, considering that most of them still depend heavily on agriculture for their economic growth, employment, and poverty reduction.

Cotton Issues

- A holistic and coherent approach to the treatment of trade- and development-related aspects of cotton in the WTO context is needed. The Pan-African Cotton Road Map (PACRM), the product of a multi-stakeholder process overseen by UNCTAD, should be adopted as the programme of work under the development-related aspects of cotton in WTO, and for coordinating development partner aid-for-trade support.
- Stricter WTO disciplines are required to restrict the use of domestic support and export subsidies for cotton. This may entail the need to clarify and tighten definition of green box and amber box policies to forestall a reclassification (i.e., “box shuffling or shifting”).

Non Agriculture Market Access

- The text on NAMA with several key components of interest to Africa has been largely settled. These include the higher coefficient in Swiss formula for developing countries, preference erosion, and exemption from tariff reduction for LDCs and several developing countries and small economies. The discussions on NTBs too were advanced and not considered to be contentious. There is a need to preserve these gains while at the same time push for greater flexibility. African countries have to be mindful of accepting standards which are beyond their capacity to implement. Recent developments in NAMA negotiations are disconcerting and pose risks to industrialisation efforts of some countries.
- African countries should strongly oppose the proposal being mooted to engage in request-offer approach to further reduce or eliminate tariffs beyond what would be achieved through the formula-based cuts. In particular, the request-offer approach could have adverse implications for African countries by reducing the margin of preference available to them in traditional markets. In case the additional request-offer modality were to be used, African countries may consider proposing to apply the coefficient to be used by developing countries to the most prominent products of export interest to African countries in order to mitigate preference erosion.
- From being a voluntary initiative, the Sectoral initiative is being transformed into a mandatory modality for fast-tracking the elimination of tariffs by certain developing countries. What has been achieved in terms of the balance to address the problem of preference erosion could be nullified if tariffs were to be eliminated under the sectoral initiative in certain sectors of interest to African countries. There is a need to take a guarded position in this regard.
- Elimination of high tariffs, tariff-peaks and tariff-escalations are needed but this may lead to further erosion of trade preferences, given that most African countries enjoyed preferential access to traditional markets, namely the US and the EU, in the whole supply chain. However, tariff-escalation is a problem in other markets - both developed and developing, and for specific products.

Trade Facilitation Agreement

- The Trade Facilitation Agreement has to be accepted on provisional, and not definitive, basis. Accepting the Agreement on definitive basis may go against the principles of single undertaking as well as special and differential treatment for LDCs under which they are not expected to take binding obligations.
- The Trade facilitation Agreement requires LDCs to undertake binding commitments as other countries. This goes against the spirit of development enshrined in the Doha Development Agenda.
- For implementation of the Trade Facilitation Agreement the Post Bali agenda should include modalities to ensure that developed countries honour their pledges of providing adequate and timely technical assistance and capacity building to enable developing countries implement the Agreement.
- Implementation commitments under the Agreement need to be linked to availability of funds.
- There is a need to create trade facilitation fund for the African countries for building their capacities. This should be in addition to Aid for Trade.
- In order to avoid a race for trade facilitation (TF) capacity building programmes and for their successful and effective implementation, there should be some limits on the number of countries which a donor can choose for the capacity building.
- There is a need to harmonise regional initiatives on trade facilitation with multilateral TF commitments.
- For availing TF capacity building, countries need not prioritise TF in their national priorities as this may limit their policy space.

Implementation Issues (Para 12 of Doha Round)

- Despite the Doha Declaration *attaching “the utmost importance to the implementation-related issues and concerns raised by Members” who are “determined to find appropriate solutions to them”*, progress has been tardy on most of the issues of significance to African countries. In Bali Ministerial Declaration, there was no specific reference to Implementation Issues.
- The post-Bali work programme provides an opportunity for seeking solutions to some of the outstanding implementation-related issues. Some of the key implementation issues that could be taken up for negotiation on a priority basis could include:
 - (i) clear understanding that patents inconsistent with Article 15 of the Convention on Bio Diversity shall not be granted. This issue is of immense importance to African countries rich in traditional knowledge and/or with mega bio-diversity regions.
 - (ii) addressing capacity constraints through technical assistance.

Fisheries Subsidies

- The fisheries sector plays a significant role for meeting food-security needs and providing employment in coastal African states. Negotiations on Fisheries Subsidies need to preserve the policy space for countries to develop their fisheries sector in future. There should be practical and effective Special and Differential Treatment (S&DT) provisions for the sector, particularly small-scale artisanal fisheries. The S&DT provisions should not be contingent on fulfilment of stringent conditionalities. In this regard, one possible approach could be along the lines of Annex VII of the Agreement on Subsidies and Countervailing Measures. Under this approach all

subsidies could be exempted from prohibition in countries whose per capita income is below a negotiated threshold.

Single Undertaking

- Single undertaking is an important element in ensuring that the negotiations on all issues covered by the negotiating mandate proceed in parallel and not sequential and the outcome of negotiations are binding on all members. Further, the concept of single undertaking is used as an interpretative tool meant to promote coherence in the construction and implementation of the WTO multilateral agreements.
- Negotiations under post-Bali Work programme need to be conducted under 'single undertaking' else developing countries may lose the negotiating leverage for successful resolution of issues of their key interests.
- Paragraph 47 of the Doha Ministerial Declaration provides for any agreement reached at an early stage being implemented on a provisional or a definitive basis. However implementation of any 'early harvest' agreement shall be taken into account in assessing the overall balance of the negotiations. It is therefore essential that 'early harvest' agreements have a provision that would enable Members to review, and if necessary modify, the agreement as part of the overall results of the Doha Round negotiations, in accordance with paragraph 47 of the Doha Declaration.

Technical Assistance and Capacity Building

- There is a need to enhance capacity in Africa for understanding the potential implications of negotiating issues, negotiated text and implementation of resultant agreements for developing countries. A lack of capacity hinders devising meaningful strategies to prepare for mitigating the likely adverse consequences and taking advantage of opportunities. Similar constraints also exist in terms of preparing national inputs and effectively feeding them to countries' negotiating stance. Technical assistance available to help alleviate this situation needs to be enhanced, sustained and coordinated involving governments, donors and the private sector in order to build national and regional capacity over the medium to long term. For example, capacity building is required to segregate trade data into MFN and preferential trade in order for a country to qualify for the use of a special safeguard mechanism being negotiated in Agriculture Negotiations. UNCTAD's Automated System for Customs Data (ASYCUDA), which is already installed in several African countries is a possible instrument which can be used. Regional centre on trade issues for building national and regional capacities is proposed.

The participants hope that the post-Bali work programme will attach appropriate priority to development issues, as originally envisaged when the Doha Round was launched. They urge the WTO members to show the necessary flexibilities to address the development concerns more effectively and to come up with a balanced post-Bali work programme that will lead to the successful conclusion of the Doha Round in the near future. Given the severe developmental needs of many African countries, the participants also call for increased and sustained capacity building and technical assistance programmes.
