

Report of a Lunch Session on:

Emerging Issues and Developing Countries

12 December 2012 ● 13:00-15:00 ● Room S3, WTO

On December 12, 2012 CUTS International Geneva organised a lunch meeting to give the non-resident WTO member and observer countries an overview of some of the “emerging issues” in the multilateral trading system and their implications for them, and presented some emerging findings of its ongoing PACT EAC project in this regard.

The world economic and trade situation is continuously evolving, making it even more important for developing countries, including non-resident countries, to improve their understanding of emerging issues from both the defensive and offensive points of view. Some of these emerging issues, e.g., exchange rates, food security, and climate change, can pose trade-related challenges, particularly for the small, least-developed, or vulnerable countries.

The objectives of this session organised as part of the WTO Geneva Week for Non-Resident Members and Observers were: (i) addressing the participation and information gaps faced by the non-resident countries; (ii) providing a development-friendly forum to discuss and analyse some emerging issues; and (iii) contributing to informed opinions so that the WTO reflects the needs and concerns of the non-resident countries.

Welcome by the Chair

In his introductory remarks, Guillermo Valles, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD, noted the relevance of the session topic as the changing world has made tackling emerging issues a pressing need, saying that “Reality doesn’t wait for the Doha round to be concluded”. He encouraged all the participants to take this meeting as an opportunity for constructive dialogue on these issues and stressed the role of trade policy in addressing the challenges therein.

Some Emerging Issues and their Implications. Presentation by Rashid S. Kaukab

Rashid S. Kaukab, Director of CUTS International Geneva gave a presentation on “Emerging issues and the multilateral trading system: some issues and implications for developing countries”. After noting that what is new is not that the world is changing but rather the pace and complexity of these changes, he dwelt on the potential challenges and opportunities of several emerging issues for developing countries. A summary of the main points is given below:

- The rise of emerging economies provides opportunities for alternative markets for developing countries and LDCs, but they should provide new sources of finance, technology and destinations for value added products. This can also be an opportunity to bring a more equitable distribution of power in the WTO.
- Developing countries should engage in regional trade integration in order to benefit from larger economic spaces and test new rules and new issues. This would also help them acquire negotiating experience and might be the basis for alliances in the MTS.
- The increase in commodity prices is an opportunity for resource-rich developing countries to structurally transform and diversify their economies while ensuring sustainable management of natural resources. Resource-poor developing countries may be more affected by this trend and may seek appropriate disciplines on export restrictions in the multilateral trading system.
- Developing countries need to encourage and promote innovation and technological development at national and regional levels and build competitiveness and productivity, facilitate inflow of technology to bridge the current gap as well as negotiate for built-in flexibilities in the multilateral trading system for appropriate technology diffusion and to adapt to technological developments with a view to maximise their contribution to trade and development.

Mr. Kaukab then talked about the implications of these issues for the multilateral trading system and how developing countries could improve their WTO participation in this regard. While it is not clear whether the WTO is the right place to address these emerging issues, he said that developing countries should not ignore them as they represent the current reality of the world. It was advised that even non-resident WTO member countries, which are often least developed countries that are less integrated into the global economy, should closely monitor these issues to avoid marginalization and ensure that they are not negatively affected by new developments.

Finally, and of direct relevance to the participants, he emphasized the need to safeguard the major breakthroughs of the Doha round for developing countries even in the event of a non-conclusion of the round. These include the recognition of concepts like special products in agriculture, special and differential treatment for small, vulnerable economies, and preference erosion. Finally, developing countries should improve their participation in WTO regular bodies (CTG, CTE, CTD, CTS, TRIPS SPS, TBT, TPRB), as well as closely monitor the implementation of existing commitments by trading partners. The participants were also advised that they should cultivate interest for and closely monitor developments in the Dispute Settlement Body of the WTO, which might become increasingly important if the Doha round is not concluded.

Emerging Findings from the PACT EAC Project. Presentation by Krista Joosep

The second presentation was made by Krista Joosep, Assistant Programme Officer at CUTS International Geneva who presented the project titled "Promoting Agriculture, Climate and Trade linkages in the East African Community" (PACT EAC). After explaining how the project seeks to assist EAC Stakeholders in better understanding and dealing with climate-related hunger through trade and effective participation in the multilateral trading system, she presented the five streams of activities consisting of research, advocacy, networking, training and a bi-monthly forum for EAC WTO negotiators in Geneva.

She explained that the ongoing project research has already underscored the potential of trade for feeding the people of the region, supported by several cases from the field. During the 2011 drought for instance, Tanzanian maize exports helped secure food for 4 million people in Kenya where maize production was short by 700,000 bags. In Uganda, after the government promoted NERICA rice varieties (drought-resistant) and discouraged rice imports by imposing 75% import duties, rice production increased by 400 per cent in a decade. The country now ambitions to supply 15% of the EAC rice imports. However, she pointed out that this potential is largely untapped, since EAC countries provide only 10% of the region's food imports.

To harness this potential, several gaps will need to be addressed starting with the lack of coordination between agriculture, environment and trade policies, as well as between EAC partner states. The cost of non-coordination of policies was exemplified by the Uganda rice success story that has made arable land prone to soil erosion and destroyed Uganda's forest cover. Other gaps to be addressed include weak policy implementation; the need for effective removal of non-tariff barriers in staple food trade; the lack of market information systems and databases; and the need to strengthen warehouse capacity to meet demand throughout the year and stabilize prices.

Comments by Sherwyn Naughton

Invited as a discussant, Sherwyn Naughton of the Embassy of Guyana based in Brussels echoed Mr. Kaukab's views on the current state of play in WTO negotiations. He informed the audience that these emerging issues are taken seriously by developing countries, as demonstrated by the ongoing meeting of ACP Heads of States in Equatorial Guinea on the topic "The Future of the ACP Group in a Changing World: Challenges and Opportunities", where emerging issues were also under discussion.

There is an increasing spread of issues being discussed informally by the WTO, including exchange rates, RTAs and others, and it is expected that these emerging issues will come up in the 9th WTO Ministerial Conference in Bali, Indonesia in December 2013. Yet, the WTO may not be the right place to address them. Moreover, Mr. Naughton was of the view that most important would be to discuss the current issues, i.e. the Doha mandate that remains unchanged. He argued that if the Doha round was to be completed today, many of the challenges that we face in these emerging issues could be addressed. For instance, the removal of agricultural subsidies would go a long way addressing food insecurity in many developing and least developed countries, including non-resident members. "The conclusion of the Uruguay round attracted many LDCs with the promise that trade will bring about poverty reduction. The WTO now has to deliver on this promise", he said.

The capacity of non-resident WTO members to deal with emerging issues is severely challenged and needs to be built. He lamented that unlike developed countries that rely on dozens of experts in each and every issue, LDCs' small missions often have only one person dealing with trade who has to be the technical expert in a variety of issues, the lawyer, the negotiator etc. For this reason, one needs to understand that nominal participation and actual participation are two different things.

He lauded the PACT EAC project presented by Ms. Joosep for being an excellent example of the kind of capacity building developing countries need to effectively leverage trade, i.e. linking the national, regional and international levels. He also encouraged LDCs to take advantage of technical assistance programmes by IGOs like the WTO and UNCTAD. However, he was of the opinion that none of the current programmes can totally satisfy the specific needs of non-resident WTO members, hence the need for more comprehensive assistance programmes tailored to them. Such initiatives could for instance assist them in preparing their own proposals, examining those of others and their implications for them.

Floor Discussions

During the ensuing discussions, the following issues were raised by the participants:

- It was pointed out that often the problem is not training of the existing staff, but rather the financial capacity to hire the required personnel. A participant gave the example of her own mission where the only technical person was facilitated by the Commonwealth Secretariat.
- It was suggested that a way of addressing the above constraint could be pooling of resources among regional partners, which the EAC does to some extent. Small missions could also rely on other organisations (think tanks etc.) for technical analysis, following the example of India and Brazil.
- The participants were also informed about other initiatives that aim to supporting their participation in the multilateral trading system, e.g. by the Trade Policy Training Centre in Africa (TRAPCA) and by UNCTAD who will start capacity building on private standards next year along with other international organizations.