

# Developments in Doha Round Negotiations

## Announcement

The independent think-tank Centre for Policy Dialogue has prepared a note on the recent developments in the Doha Development Round Negotiations, a follow-up of CPD's earlier publication 'Road to Hong Kong Ministerial of the WTO: Anticipating the First Approximations from Bangladesh Perspective'. The Daily Star publishes the full text in two instalments.

## I. Background

With the Sixth Ministerial Conference of the World Trade Organisation (WTO) due to be held during 13-18 December this year, there is still a lot of uncertainty as regards progress of current negotiations which could ultimately lead to the successful completion of the Doha Development Round (DDR) by the end of 2006. This cynicism can be attributed to a number of factors including the failure, on the part of the Trade Negotiations Committee (TNC), to come up with the so called *First Approximations* during the July 2005 meeting of the General Council (GC) in Geneva.

Many WTO Members, particularly those from the developing and least developed bloc (e.g. the African Group (AG) and the African, Caribbean, and Pacific Group of States (ACP)) are criticising the way the current negotiations are heading and are apprehensive that the development dimensions of the Doha Development Round is fast losing ground. Despite the many differences which emerged at the GC meeting, all members have expressed their willingness to continue negotiations during the run-up to the Hong Kong Ministerial. Many are hoping that election of Pascal Lamy, reputed to be a *do-getter*, may infuse some much needed life into the current negotiations. However, concern remains as to whether the Members, individually or in coalitions, can work together towards achieving a common negotiated outcome despite their widely divergent interests and goals in the context of the DDR.

It appears that five clusters of negotiating issues will have to be addressed during the run-up to the Hong Kong Ministerial. These are: & Agriculture

& Non-agricultural Market Access (NAMA) & Services (GATS) & Rules and Trade Facilitation & "Development" Provisions

As far as the LDCs are concerned, there is hardly any doubt that they came out with mixed feelings from the Cancun debacle; unfortunately the July Framework (2004) could not assure them that their concerns will be fully addressed. Non-committal promises shrouded in interpretative ambiguities could not restore their assurance. In 2005, a number of events took place including the OECD Ministerial Council Meeting (Paris, France: 3-4 May 2005), APEC Trade Ministers' Meeting (Jeju, Korea: 2-3 June, 2005) and the Third African Trade Ministers' Meeting (Cairo, Egypt: 8-9 June, 2005) which have attempted to show members' commitment to multilateral liberalisation and give political signals to accelerate the pace of negotiations.

The Dalian Mini Ministerial Meeting (July 12-13, 2005) has attempted to push the negotiations forward by giving signals to negotiators in some key areas. On the other hand, the Livingstone Ministerial Level Meeting (June 25-27, 2005) has tried to underscore the concerns of the LDCs in the context of the ongoing negotiations and also the priorities to advance their group interests. Taking into cognisance the recent developments both in and outside the WTO, this note attempts to identify some of the major concerns of Bangladesh and other LDCs which will need to be kept in the perspective as we move towards the Hong Kong Ministerial Meeting.

## II. The Livingstone LDC Ministerial Meeting

The Fourth LDC Trade Ministers' Meeting (also known as the

Fourth WTO Mini Ministerial) held in Livingstone, Zambia during June 25-27, 2005 was a significant event in terms of voicing LDC concerns, interests and priorities in the context of the current WTO negotiations in the various negotiating committees, keeping in view the Hong Kong Ministerial Meeting. It may be noted here that a three member delegation from Bangladesh, led by Commerce Minister Altaf Hossain Chowdhury, participated in the meeting which was attended by representatives from a total of 49 countries including least developed, developing and developed countries. Observers from Australia, Japan, China, India, Canada, US and Brazil also joined the meeting.

The Declaration adopted at this meeting came up with 39 issue-specific proposals to be agreed upon by the relevant WTO bodies and the Sixth Ministerial Conference. In the Livingstone Ministerial, the ministers expressed concerns on various issues including & *Failure to meet deadlines* set out in the Doha Ministerial Declaration and the subsequent decisions

& *Slow progress* in several areas including finding a permanent solution through amendment of the TRIPS Agreement & *Lack of attention* to address issues of interest to LDCs including the secular deterioration of the terms of trade of commodities traded by the LDCs & *Continuing onerous demands* put by some WTO members from the acceding LDCs

The meeting took note of a number of initiatives taken at the international front including & Technical assistance and capacity building support by

development partners and international organisations (especially UNCTAD and WTO) which was extended to acceding LDCs at all stages of the accession process

& The recent decision at the G-8 Ministers of Finance to cancel debt of several LDCs to the World Bank, IMF and the African Development Bank

The LDC trade ministers highlighted the need to connect global aid and trade architecture with the task of achieving the MDGs and sought adequate and timely support from all development partners and IFIs to enable them to meet the MDGs and other programmes aimed at significantly reducing poverty. The meeting also urged the developed countries to provide the LDCs with enhanced financial and technical support to help them diversify exports.

During the Livingstone Meeting, member-countries decided to hold at least two more ministerial meetings in South Korea and China. As it is known, one has already taken place in Dalian, China.

## III. The Dalian Mini Ministerial Meeting

The most recent WTO Mini Ministerial was held in the Chinese city of Dalian during July 12-13, 2005. Representatives from 32 Contracting Parties of the WTO, including Bangladesh, attended this meeting. The meeting reaffirmed its commitment for a successful completion of the Doha Round negotiations by the end of 2006. The final version of the Co-chair's Summary on the Informal Ministerial Meeting put forward the Members' positions as regards five clusters of issues in

the negotiating agenda.

**Agriculture:** The meeting recognised the need to seek a middle ground between the Swiss formula and the Uruguay Round (UR) approach to address the *market access* pillar. With respect to *internal support*, the immediate focus was stated to be the cuts and disciplines related to trade distorting support. As for *export competition*, the view was to highlight the need to add further building blocks to the parallel commitments already in place.

**NAMA:** The meeting came out with the view that there was a possibility to agree on a Swiss formula with a couple of coefficients to ensure deeper cuts for higher tariffs. Consensus was also expressed to build on a non-linear mark-up approach in the future works.

**Services:** The meeting agreed on the need for more intensive works in order to enhance the bilateral request and offer process and to explore other approaches within the parameters of the GATS, the Negotiating Guidelines and the July Package.

**Rules and Trade Facilitation:** The meeting decided to embark on text-based negotiations as soon as possible and latest from Hong Kong onwards.

**Development Provisions:** The meeting underscored that the development dimension should be substantively integrated in all areas of the negotiations and the special concerns of the newly acceded members should be effectively addressed. Furthermore, it was agreed that the concerns relating to preference erosion should be taken into consideration in the course of the agriculture and NAMA negotiations.



PHOTO: GRAMEENPHONE

MA Shahriar, deputy managing director of BD Foods Ltd, and Tanvir Ibrahim, head of Corporate Sales of GrameenPhone Ltd, sign an agreement recently in Dhaka. Under the deal, BD Foods has become a corporate client of the mobile phone operator.

## CURRENCY

Following is Thursday's (September 1, 2005) forex trading statement by Standard Chartered Bank

Sell	Buy	Buy	Buy	Buy	
TT/OD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
66.9600	66.9900	USD	65.7900	66.7681	65.7242
83.4456	83.4829	EUR	80.3164	80.2897	80.2361
121.4520	121.5065	GBP	117.5799	117.5407	117.4623
51.3248	51.3478	AUD	48.8359	48.8196	48.7871
0.6121	0.6124	JPY	0.5893	0.5891	0.5887
53.9956	54.0198	CHF	51.9340	51.9167	51.8821
9.2178	9.2219	SEK	8.2649	8.2621	8.2566
56.8276	56.8531	CAD	54.7429	54.7246	54.6881
8.6344	8.6383	HKD	8.4449	8.4421	8.4365
40.6237	40.6419	SGD	38.9797	38.9667	38.9408
18.3794	18.3877	AED	17.7676	17.7617	17.7499

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kronor

Local Interbank FX Trading

Local interbank FX market was active on Thursday. Demand for dollar remained steady.

Local Money Market

Money market was active on Thursday. Call money rate was almost unchanged and ranged between 5.00 and 5.50 percent compared with 5.00-5.25 percent previously.

International Market

The dollar stayed near two-week lows against the euro on Thursday after surprise weakness in a US regional business activity survey raised prospects that the Federal Reserve could halt its tightening sooner than thought. The Chicago purchasing management index showed its sharpest drop ever in the month of August, adding to speculation that a rise in oil prices to record highs above \$70 a barrel this week is slowing the US economy. The dollar was holding its ground against other currencies and edged higher against the yen. But some analysts said they saw the potential for big losses in the US currency this week, especially if Friday's closely watched jobs

report disappoints the market. US interest rate futures suggest the market is no longer entirely convinced that the Fed will conduct another rise after September to take the interest rate to 4 percent. The dollar edged up around 0.2 percent against yen, still far below three-week high hit on Wednesday. The Japanese currency has weakened almost one yen against the dollar this week, with many analysts citing a perception that Japan's economy is vulnerable to higher energy costs because of its reliance on imported oil. With worries running high that costly oil could disrupt the global economy however, traders were awaiting a nationwide survey of the US manufacturing sector by the Institute for Supply Management (ISM) due at 1400 GMT. The market's next big focus will be the payrolls report on Friday, which is expected to show growth of 190,000 jobs in August compared with a rise of 207,000 a month earlier.

## China, US fail to agree on textile deal

REUTERS, Beijing

US negotiators headed home Thursday after failing to agree on China's surging textile shipments, a setback to efforts to showcase progress in bilateral ties when Chinese President Hu Jintao heads to Washington next week.

Officials from the two sides met again briefly on Thursday morning after two days of haggling over a sweeping deal to cap imports of Chinese garments and textiles without having to invoke emergency curbs on a case-by-case basis.

Beijing and Washington had hoped that Hu and US President George W Bush could hold up an agreement as a positive development in ties strained over political issues such as Taiwan and economic issues such as China's swelling trade surplus.

Hu begins an official visit to the United States on Sept 5.

Natalie Hanson, of the US Association of Importers of Textiles and Apparel, which opposes tough curbs on Chinese imports, said she was doubtful a deal could be struck this month.

"I think it's very clear that this is not going to be a quick thing to resolve. I think everyone does want an agreement. Both sides are in agreement on that," Hanson said.

"However, they are very far apart on the details and will need quite a bit more time to iron those things out."

US and Chinese officials have met four times since May when Washington imposed emergency curbs, known as safeguards, to restrict a flood of Chinese imports triggered by the expiry of global textile quota on Jan 1.

Negotiators had been eyeing a pact similar to one signed with the European Union in June that capped growth in 10 categories of textile products at 8 to 12.5 percent a year, instead of the lower 7.5 percent cap allowed by World Trade Organisation rules.

On Wednesday the US National Council of Textile Organisations, which supports restrictions on Chinese imports, said negotiators had not even narrowed their differences during the two days of talks.

China's textile exports to the United States nearly doubled to \$7.4 billion in the first half of 2005, alarming textile-producing states.

## STOCK