Developments in Doha Round Negotiations

Announcement
The independent think-tank Centre for Policy Dialogue (CPD) 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 last part of the full text today.

IV. The July 2005 GC Meeting

Although the GC Meeting of July 27-29, 2005 was expected to come up with a new set of decisions benchmarking the progress in current negotiations, unfortunately no progress *per se* was achieved in the meeting. The expectation to clinch the so called *First Approximations* could not materialise in view of the continuing differences in opinion among the Members. However, in order to conduct the future negotiations with the objective to achieve fruitful results, a number of issues of interest for the LDCs were highlighted in the report by the Chairman of the Trade Negotiations Committee (TNC) to the GC.

Agriculture: It was mentioned that operationally effective and meaningful provisions for S&DT in favour of developing country and LDC Members would have to permeate all areas under negotiation, and would have to be progressively developed.

NAMA: The report mentioned that there was a need (a) to move beyond the debate about the structure of the formula, (b) to forge common understanding on the treatment of unbound duties, and (c) for further identification of expectations by Members in all areas of negotiations.

Services (GATS): It was strongly noted that the Members should decide on the key elements necessary to produce a satisfactory outcome of commitments that go beyond current levels of liberalisation.

Rules and Trade Facilitation: The Chair's report underscored that the Rules Negotiating Group was working on submissions proposing specific changes to text of the Agreement. It was further stated that there was divergence of opinion pertaining to the application of the new process to RTAs notified under the Enabling Clause. As for Trade Facilitation, newly included in the WTO negotiations, it was stressed that S&DT and support for capacity building would need to be a particular focus in the upcoming negotiations.

Development Provisions: Market access was recognised as a central plank of developing countries' strategy to alleviate poverty and integrate their economies into the global economy. In this context, it was noted that LDCs need to be provided with predictability and security in terms of market access for their products.

V. Future Challenges

Taking into cognisance the abovementioned developments of recent times, the road to Hong Kong appears to be a journey beset with many obstacles and pitfalls which WTO Members will need to negotiate in the coming weeks and months. In view of the fact that many issues remain unresolved, and members will be under enormous pressure to reach negotiated settlement of these issues, the LDCs ought to remain *engaged, active* and *vigilant.*

Given the current state of negotiations and in light of the emerging scenarios, some of the major concerns for Bangladesh can be articulated as the followings:

& Addressing consequences of tariff preference erosion, which is the major challenge in the context of NAMA

& If cotton prices goes up as a consequence of disubsidisation, Bangladesh's competitiveness in clothing export could suffer

& Liberalisation of agriculture could lead to rise in food price with consequent adverse impact for net food importing countries such as Bangladesh

& No positive movement in services (Mode 4) negotiations means the net outcome may not be positive for Bangladesh

& No binding commitment for zero tariff market access for all products from LDCs

& Market access in developing countries *in a position to do so*

& Linking up Aid for Trade within the ambit of WTO and in the context of UN MDG Summit in September

& Concentrate on advancing LDC interests in the context of the upcoming GC Meetings *(October 19-20* and *December 1-2, 2005)*

& Drawing synergy from civil society initiatives (CPD's forthcoming LDC Forum)

& Need for continuing proactive engagement of LDCs in the forthcoming negotiations

& Focus on maintaining the LDC front and dialogue with the developing countries

& Need for another LDC Ministerial before Hong Kong

VI. Concluding Remarks

As has been in Cancun, agriculture may once again become the *deal maker or deal breaker* in Hong Kong. Nevertheless, the LDCs are also concerned about the likelihood of preference erosion that may result as a consequence of the current round of NAMA negotiations. Negotiation on services, and more precisely GATS Mode 4, remains an issue where the LDCs will need to emphasise on the implementation of the Modalities for the Special Treatment in the negotiation. Substantive work still remains on what is needed to ensure that negotiations on rules in their various dimensions make sufficient progress by the Hong Kong Ministerial so that a meaningful package can be designed for the Meeting. More importantly, it needs to be seen how the developed Members react to the LDC demand to grant immediate, non-reciprocal and binding commitment as regards duty and quota-free market access for all products from LDCs.

There is no denying the fact that the Hong Kong Ministerial will be an important milestone in the Doha Round, particularly in view of the failure of the Cancun Meeting to deliver a consensus. *It is likely that one will witness hectic negotiations during the September-November 2005 period, under the new leadership, and possibly leading right up to the Ministerial meeting itself. The General Council Meetings, scheduled to be held respectively during October 19-20, 2005 and December 1-2, 2005, will no doubt be two crucial milestones in heading towards the Hong Kong Ministerial in December.* Although the mantle of spokesmanship rests now on the shoulders of Zambia by all accounts, LDCs will continue to look up to Bangladesh to provide leadership. Consequently, Bangladesh will need to continue the good work it has been doing in advancing LDC interests in the context of the WTO.

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EU offers oil to US from reserves

AP, NEWPORT, *Wales*

European nations are offering to provide oil to the United States from their strategic reserves to offset shortages in the aftermath of Hurricane Katrina, an EU official said Friday.

Separately, the EU executive Commission in Brussels said it has offered disaster help to U.S. authorities trying to cope with the damage caused by the storm, which lashed New Orleans and coastal towns in Mississippi, causing massive flooding.

Speaking on Britain's Sky News network, EU security affairs chief Javier Solana said the U.S. administration has approached several EU member states individually for help. "Whatever they ask for, it will be given from the reserves of oil that the different (EU) countries are providing," he said.

Solana did not say if the offers by individual European governments involved supplies of crude or refined oil products, such as gasoline.

In Berlin, German Chancellor Gerhard Schroeder said the United States has asked member states of the International Energy Agency to provide oil and that Germany would "of course" support Washington.

British Foreign Secretary Jack Straw, chairing an EU foreign ministers meeting, said the EU as a whole would play no role in supplying emergency deliveries of oil, but added, "There might be other assistance that can be offered."

Katrina ravaged the Gulf Coast and shut down around 90 percent of crude production capacity in a region that is responsible for around 30 percent of U.S. crude output.

The International Energy Agency, a Paris-based oil market watchdog that includes 17 of the 25 EU states, said it is consulting with members on tapping their strategic reserves.

"We have ongoing consultations with all member countries, but we need an unanimous agreement to release strategic reserves," IEA spokeswoman Gundi Gadesmann said. "A decision may be reached fast."

IEA member countries hold some 4.1 billion barrels of public and industry oil stocks, of which roughly 1.4 billion barrels are government-controlled for emergency purposes.

EU officials said 16 of the 25 EU countries maintain a 90-day strategic oil reserve to deal with any sudden shortfalls in supply. They are: Belgium, the Netherlands, Luxembourg, Denmark, Sweden, Finland, France, Germany, Britain, Italy, Portugal, Denmark, Austria, Greece, Ireland and Hungary.

Japan's Ministry of Economy, Trade and Industry said it had received a call from the IEA exploring the option of releasing some oil reserves. Japan has one of the largest petroleum reserves in the world, with 320.7 million barrels as of June 30.

PHOTO: G3
Nasir Bin Baharom, managing director of AKTEL, and Syed Munawar Husain, MD of Tradesworth Ltd, pose for photographs after signing an agreement recently in Dhaka. Under the deal, Tradesworth has become a corporate client of the mobile phone operator.

PHOTO: PUBALI BANK
Faruque Ahmed Khan, general manager of Pubali Bank Ltd, and Md Akter Hossain Sannmat, deputy managing director and company secretary of Prime Finance and Investment Ltd, shake hands after signing a term loan agreement on behalf of their organisations recently in Dhaka. Khondkar Ibrahim Khaled, managing director of the bank, and other senior officials from both the sides were also present.

Weekly Currency Roundup

Aug 27-Sep 01, 2005

Local FX Market
Demand for US dollar remained steady in the market throughout the week.

Money Market
In the Treasury bill auction held on Sunday. Bid for 28-D t-bill for BDT 11,227.00 million was only accepted, compared with total of BDT 10,694.00 million in the previous week's bid. Weighted average yield of 364-d & 2Y t-bill increased slightly.

Call money rate was stable this week. Call money rate ranged between 5.00 and 6.00 percent in the beginning of the week. By the end of the week that rate ranged between 5.00 and 5.50 percent.

International FX Market
The dollar fell by nearly half a percent against the euro and Swiss franc on Monday as investors fretted that record high oil prices could crimp US economic growth, and the yen also fell as Tokyo shares stumbled. The dollar suffered on worries that the jump in oil prices above $70 a barrel would give the Federal Reserve reason to slow its credit tightening campaign. The greenback's loss was most pronounced against the currencies of oil producing Canada and Norway. Markets are looking ahead this week to US consumer confidence, personal income and purchasing managers' data, and the key US employment numbers for August, due on Friday.

The yen hit a two week low against the euro and fell versus the dollar in the middle of the week, pressured by record high oil prices of USD 70 per barrel, disappointing Japanese data and falling Tokyo stocks. The dollar was slightly higher ahead of US second-quarter growth data and a Chicago manufacturing survey, which could shed light, on whether the Federal Reserve would keep raising interest rates beyond this year. The euro was steady against the dollar. Among important data, preliminary second-quarter data due at 1230 GMT is expected to show the US economy grew 3.5 percent in the period, against the advance estimate of 3.4 percent. The Chicago PMI index of manufacturing activity is due at 1400 GMT. In Europe, August inflation data and second-quarter economic growth figures for the euro zone as well as the closely watched Swiss KOF indicator is due.

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.

Standard Chartered Bank

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