

# **Outcome of the 11<sup>th</sup> WTO Ministerial Conference (MC11) held in Buenos Aires, Argentina from 10 to 13 December 2017**

**Presentation to the Parliamentary Portfolio Committee  
on Trade and Industry**

**Dr Rob Davies, MP  
Minister of Trade and Industry  
6 March 2018**



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# Contents

1. Doha Development Agenda (DDA) mandate
2. Impasse in DDA negotiations
3. Outcome of 10<sup>th</sup> Ministerial Conference (MC10) in Nairobi in December 2015
4. Process to MC 11 – future of DDA
5. Africa's approach
6. 11<sup>th</sup> Ministerial Conference (MC11) held in Buenos Aires, Argentina in December 2017
7. Decisions taken at MC10
8. Ministerial Declaration
9. Clashing of paradigms - Development
10. Conclusion

# The Doha Development Agenda: Original Objectives

- “To place interests of developing countries at heart of the work programme...”.
- Reform in agriculture: improved market access, reductions in subsidies and elimination of export competition.
- Enhanced exports of products of interest to developing countries.
- Policy space for developing countries, notably through effective Special and Differential Treatment (S&D) provisions in favour of developing countries.

# Impasse in DDA Negotiations

- Over the course of negotiations, developmental content of DDA has steadily been eroded.
- Developing countries played a key role in working towards a credible outcome in agriculture, but the anticipated ambition for agricultural reform was moderate.
- By contrast, demands were made that would require developing countries to take steep cuts in their industrial tariffs with negative impact on their industrial development and employment objectives.
- Impact on SA/SACU particularly harsh.

# Impasse in DDA Negotiations cont.

- Developed countries demanding that emerging economies offer greater concessions; raised concerns about consensus decision-making in the organization and the single undertaking.
- Although emerging economies have increasing share of world GDP and trade, these countries still face serious development challenges.
- The major implication of the impasse has been a “move away” from multilateral negotiations by some major economies and launching of mega-regional negotiations.
- Rise of “plurilateral negotiations” among a few members in the World Trade Organisation (WTO).
- Emerging economies and African countries generally not part of these processes.

# Tenth Ministerial Conference (MC10) in Nairobi – December 2015

- MC10 held in Nairobi from 15 to 19 December 2015.
- First WTO Conference held in Africa.
- No agreement could be reached on the future of the DDA.
- The Ministerial Declaration recognizes that many countries are committed to conclude the DDA on the basis of its development principles and mandates, and that some countries believe new approaches are required.
- The Nairobi Declaration therefore preserved the positions of all WTO Members and offers a basis for further engagement to advance the negotiations.
- A similar approach was taken in the Declaration on the question of whether or not new issues should be introduced into the negotiations.

# MC10 outcomes cont.

- It is important to note that the Nairobi Declaration also confirmed the strong commitment by all WTO Members to advance negotiations on the remaining Doha issues, including in all three pillars of agriculture, namely domestic support, market access and export competition.
- Includes commitment to strengthen the multilateral trading system and reaffirmed the WTO as the main forum to negotiate multilateral trade rules.
- The Declaration further maintained the centrality of development in the negotiations and reaffirmed that provisions for special and differential treatment shall remain integral to the process.

# Process to MC 11

- It was clear from the discussion in Geneva before MC11 that there are wide divergences between members on most of issues on the table.
- These divergences are largely a manifestation of the lack of consensual language in the Nairobi Declaration on the DDA mandate, on new approaches and new issues.
- South Africa on a number of occasions cautioned against putting issues before Ministers at MC11 where significant convergence in Geneva has not been achieved.
- The Africa Group in Geneva put forward strong common positions and a number of meetings were held to enhance coherence.



# Africa's Approach

Overall, the engagement of the African countries at the WTO is aimed at ensuring the following:

- Equitable distribution of the benefits of the Multilateral Trading System (MTS) and effective integration of African countries into the MTS.
- Adequate policy space for African countries to industrialise and promote structural transformation.
- The importance of addressing capacity and supply side constraints.
- The importance of the WTO multilateral trading system in supporting regional integration.

# 11<sup>th</sup> Ministerial Conference (MC11)

- MC 11 was held in Buenos Aires, Argentina, from 10 to 13 December 2017.
- Members put all their issues on the table although no convergence reached in Geneva.
- Divergences amongst Members on the issues were simply too wide to bridge.
- Ministers confronted many issues on which there was no chance of convergence, and they had little time to consider strategic issues facing the MTS, or give sufficient attention to a few significant issues, fisheries and Public Stockholding, where there may have been some possibility for a positive outcome.

# Outcomes at MC11

Ministerial Decisions were reached on just five issues and with limited scope:

- **Fisheries** - agreement to secure a deal on elimination of fisheries subsidies by the next ministerial in December 2019, work to continue on current text.
- **E-commerce** – agreement to continue with the work on e-commerce under the current e-commerce work programme and a two-year extension of the moratorium on taxation of electronic transactions.
- **TRIPS** - Two-year extension of the moratorium on non-violation complaints under the TRIPS Agreement.

# Outcomes at MC11 cont.

- **Small Economies** – agreement to continue the work program.
- **South Sudan's accession** – agreement to establish a working party.

On other issues (Agriculture, Non Agricultural Market Access, Services, Development, Investment Facilitation and SMEs) there were no outcomes or agreed work programmes.

# Ministerial Declaration

- There was no agreement on a Ministerial Declaration.
- The Ministerial Conference outcome was a Chair's Statement on her own responsibility.
- In the draft declaration prepared in Geneva references were made to the 'rules based MTS', 'development' and the 'DDA' which had been opposed by some countries.
- A truncated declaration were produced in MC11 to address the concern of some members but this was opposed by others that want specific references in the Ministerial Declaration.

# Plurilateral Approach on New Issues

- At the close of MC11, some members issued Joint Statements indicating they would:
  - i) begin structured discussions with the aim of developing a multilateral framework on Investment Facilitation;
  - ii) initiate exploratory work towards future WTO negotiations on trade-related aspects of e-commerce;
  - iii) create an informal working group on MSMEs at the WTO, open to all members, to work towards multilateral agreement to establish a formal work programme at MC12.
- These Joint Statements lay the groundwork for plurilateral discussions on these matters.

# Clashing of paradigms - Development

- The exchanges at MC11 revealed more of the scope and depth of divergences amongst Members.
- The US opposed any mention of the DDA and argued there was no shared understanding of development.
- Many developed countries, especially the United States, supports a paradigm that asserts that the way to enhance development is that all countries abide by the same set of rules, on the same level and standard; and with very little or any differentiation.
- These countries argue that some see development only as exemptions from rules and that it is incorrect to see rules as impediments to development.

# Development cont.

- Most developing countries support a paradigm that it is absolutely necessary and imperative that developing countries have an opportunity to industrialise, diversify and move up the value chain and not remain stuck as producers and exporters of primary commodities.
- This require that developing countries have access to the very same tools that the developed countries used in their journey to become developed.
- Developing countries need a differentiated set of obligations, a differentiated set of rules that deals directly with the problems of development.
- Importance of policy space for industrialisation.



# Conclusion

- While MC9 and MC10 delivered outcomes on the Trade Facilitation Agreement and export subsidies, respectively, the Nairobi Ministerial Declaration acknowledged the lack of consensus on the DDA.
- South Africa reiterated support for the developmental principles in the DDA, as a basis to redress the imbalances in the Uruguay Round.
- The DDA, through the Doha Declaration that was adopted by consensus in 2001 can only be formally ended by another consensus decision.
- No consensus or clear understanding on what 'new approaches' or 'pathways' entail.

# Conclusion cont.

- Paragraph 31 of the MC10 Ministerial Declaration does express a consensus amongst Members to pursue negotiations on the remaining Doha issues.
- Fishery subsidy negotiations appear to offer the best chance for a substantive outcome at this stage although other issues will continue to be advanced by the proponents.
- Different views on development arises in the context of the Special & Differential (S&D) treatment agenda in the WTO to address the constraints imposed by multilateral rules.
- The full scope of S&D in the various WTO Agreements includes differential rules and capacity building.
- South Africa will continue to oppose efforts to narrow the scope of S&D.



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA