



**General Council
Trade Negotiations Committee
Sub-Committee on Least Developed Countries**

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LDC GROUP POST-NAIROBI PRIORITIES IN THE WTO

COMMUNICATION FROM BENIN ON BEHALF OF THE LEAST DEVELOPED COUNTRIES (LDC) GROUP

The following communication, dated 23 June 2016, is being circulated at the request of the Delegation of Benin.

1 INTRODUCTION

1.1. The LDC Group presents this first communication to reflect its collective view on WTO work post-MC10, building on the elements contained in the Nairobi Ministerial Declaration, as a contribution to the work ahead and to identify issues of priority for LDCs. It should be recalled that Ministers in Nairobi instructed that Members address LDC issues and interests on a priority basis, as provided in paragraph 24 of the Declaration.

1.2. The LDC Group considers that the Ministerial Declaration reflects the interests and concerns of Members of the WTO and is a good basis to advance the work of the institution and conclude the Doha Development Agenda.

1.3. It is also important to achieve concrete results, reflecting the efforts of Members since about fifteen (15) years. The LDC Group stresses the need that Members focus their work mainly and primarily, on the remaining areas to be covered, which represent major challenges for LDCs in their integration and participation in the multilateral trading system, and in response to the Sustainable Development Goals.

1.4. The elements of this communication are set out in the following categories: 1) Implementation of all decisions taken in favour of LDCs, 2) Remaining areas of the DDA of importance to LDCs, and 3) News Issues and Paragraph 34 of the Nairobi Ministerial Declaration. The LDC Group will consider additional submissions, as appropriate.

2 IMPLEMENTATION OF DECISIONS IN FAVOUR OF LDCS

Agriculture

2.1. The LDC Group is of the view that like all other Ministerial Decisions Nairobi Decisions on Agriculture as the Decisions of highest Decision making Body of the WTO are to be implemented and are enforceable. Towards this end, the LDC group asked Members to implement the Decisions on export competition and cotton in letter and spirit.

2.2. Regarding Bali and Nairobi Decisions on public stockholding for food security purposes, and noting that the scope of the interim mechanism established in Bali covers only existing programs, the negotiations for a permanent solution within the Agriculture Committee in Special Session should take into account the needs of LDCs that do not yet have public stockholding programs. The LDC Group will submit a communication to the Committee on Agriculture Dedicated Session to identify issues which are important to LDCs.

2.3. **Cotton:** LDCs call on Members to ensure the implementation of the Decision adopted in Nairobi on duty-free, quota free treatment of cotton and to eliminate export subsidies and all other measures with equivalent effect on cotton. Members must commit to the negotiations on domestic support pillar for cotton, and achieve appropriate outcomes under this pillar of agricultural multilateral trade negotiations. The LDC Group urges Members to participate in the WTO Director-General's Consultative Mechanism on aspects of development scheduled for 1 July 2016.

Duty-Free, Quota-Free Access

2.4. All Ministerial Decisions taken in favour of LDCs on Duty-Free Quota Free Market Access (DFQF) must be effectively implemented. The LDC Group urges all WTO members to engage on issues that advance the implementation of Hong Kong Declaration, Annex F, and the Bali Decision on Duty-Free Quota Free Market Access.

2.5. The LDC Group will soon finalize Terms of Reference for a clinical examination of DFQF market access regimes for a study to be undertaken by the WTO Secretariat. The Terms of Reference will be submitted for review and validation of the Committee on Trade and Development at its next session.

Decision on preferential rules of origin for LDCs

2.6. The Decision on Rules of Origin for LDCs should be implemented effectively. In line with the decision of Nairobi and discussions at recent meetings of the Committee on Rules of Origin (CRO), particularly in response to the communication of the LDC Group this year (G / RO / W / 159), the LDC Group urges Members to submit to the CRO, relevant updated information on measures they will take to implement this Decision. Developing country Members with preferential schemes for LDCs are also invited to expedite the implementation of the Decision.

2.7. Other issues raised in LDCs communication G/RO/W/159 should be treated in a manner to advance on the implementation of the Decision of Nairobi, with the fundamental objective of making progress in 2016.

Implementation of the Decision on the exemption for services for LDCs

2.8. The LDC Group places a priority on the implementation of the MC8 LDC Waiver Decision, as amended by the Nairobi Decision on Implementation of the LDC Services Waiver, and relevant elements of the Bali Decision on the operationalization of the LDC services waiver. All 23 notifications are important contributions toward implementation of the LDC services waiver and are appreciated by the LDC Group. For those notifications received after the November 2015 Dedicated Session, the LDC Group will seek bilaterals for clarifications and assessment in advance of Council for Trade in Services (CTS) meetings. The LDC Group also calls upon other Members who have not yet submitted notifications to do so as soon as possible in 2016.

2.9. The LDC Group intends to initiate discussions in the CTS to review the process of operationalizing notified preferences along with other issues that should be addressed in order to facilitate benefits from notified preferences as mentioned in the Nairobi LDC Services Waiver Decision. Implementation of the notifications submitted to the WTO is imperative. LDC services suppliers must be able to report that they are actually benefiting from the implementation of notified preferences.

2.10. Paragraph 3.2 of the 2014 LDC Collective Request, which is now contained in paragraph 1.4 of the Nairobi LDC Services Decision, should be implemented in a manner to assist LDC suppliers in the utilization of notified preferences.

2.11. Data should be collected, including how Members are building awareness among their consumers about the preferences granted by their country to LDC suppliers. Mechanisms should be devised to orient LDC services suppliers and to create awareness in LDCs of the benefits of the notified preferences. "Supply-side" support in-country should be provided to enable utilization of the preferences.

3 REMAINING AREAS OF THE DOHA DEVELOPMENT AGENDA (DDA) OF PRIORITY TO LDCS

Agriculture

3.1. Large-scale domestic supports continue to distort prices of some agricultural products, thereby excluding LDC producers from the international market, also causing unfair competition in local and regional markets. LDCs are affected by domestic supports in all key markets where they are applied. As commodity prices continue to decline from 2011 record levels, it is important and urgent to address the impact of trade distortions resulting from these domestic support policies.

3.2. Transparency is also important so that LDCs can determine the nature and extent of the support applied. Therefore, the LDC Group has submitted a communication to the Special Session of the Agriculture Committee with specific questions to obtain information on current levels of domestic support applied under the different categories and their impact on agricultural products produced and exported by LDCs. The LDC Group will also present other contributions to stimulate negotiations in order to achieve the final outcomes on domestic support.

3.3. The LDC Group will submit findings on practices of subsidies, impacting on LDCs economies, especially on the Agriculture sector. In that regard, consultations will be held with key players to determine where those countries can focus on outcomes needed for LDCs.

Cotton Domestic Supports

3.4. The LDC Group supports the C4 Sectoral Initiative on Cotton to reach an agreement on the substantial reduction toward elimination of trade distorting domestic supports on cotton. Appropriate and measurable results should be achieved by the MC11.

Non-tariff Barriers

3.5. Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT), are also of concern to LDC exports. Work must be done in the post-Nairobi phase to address measures that restrict market access.

Key Remaining DDA Special and Differential Treatment for LDCs

3.6. The LDCs are in the process of revisiting the proposals submitted for negotiation at MC10, at the Nairobi Ministerial Conference. LDCs will engage with partners to come to concrete decisions based on LDC specific proposals. LDCs remain engaged with the G90 to ensure that the Doha mandate on special and differential treatment proposals will be strengthened and made legally binding, wherever it is appropriate and relevant to the LDC development needs and in the spirit of the momentum created by the 2030 Sustainable Development Agenda.

3.7. LDCs, by nature, must be assured flexibilities under WTO rules so that they can benefit from the multilateral rules based system and integrate into the multilateral trading system. It is important to recognize that after the establishment of WTO, only a few LDCs have been able to graduate from LDCs status, while most of them are far from being able to graduate. Therefore, flexibilities should be provided in the rules to allow both the implementation of these rules and respect of the principle of flexibilities for the participation of WTO's weakest members of the WTO.

Disciplines on fisheries subsidies

3.8. The LDC Group supports multilateral negotiations to reach agreement on fisheries subsidies that have an impact on development. In this context, these negotiations should aim to achieve effective disciplines, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and overfishing.

3.9. Negotiations should aim primarily industrial fishing on a large scale and include among others, disciplines on:

- a. subsidies for any vessel engaged in illegal, unreported and unregulated fishing (IUU); and
- b. subsidies for operating expenses granted to a fishing vessel or fishing activity negatively affecting overfished stocks.

3.10. As part of these negotiations, Members should pay effective attention to:

- a. the need for special and differential treatment, including flexibilities for subsidies provided by LDC, which do not contribute to overfishing or depletion of fish stocks; and
- b. the provision of technical assistance and capacity building to address the institutional and financial constraints faced by many LDCs in the implementation of disciplines, including against IUU fishing impacting their fish stocks.

3.11. In other areas related to the rules negotiations, the LDC Group will prepare submissions to reflect the concerns and expectations of LDCs, as appropriate.

Non-agricultural goods market access (NAMA)

3.12. While LDCs should benefit from DFQF treatment for all exports, including industrial products granted by, the developed country, and the developing country in a position to do so, such preferential arrangements should ultimately be reflected in the WTO as binding commitments, supported by flexible rules of origin in accordance with the Nairobi Ministerial Decision.

3.13. Any outcome on NAMA tariff negotiations should place the objective in paragraph 30 above, as a priority, in accordance with paragraph 24 of the Ministerial Declaration of Nairobi, and the principles of Annex F of the Hong Kong Declaration. Moreover, LDCs are interested in the examination of options in the context of NAMA negotiations that promote their participation and upgrading regional and global value chains in a manner that will support value addition in LDC manufactured goods and promoting their industrialization.

Non-tariff barriers

3.14. Notwithstanding the benefits of DFQF treatment for agricultural and non-agricultural products from LDCs, non-tariff barriers are increasingly becoming the most troubling barriers to market access in key destinations for LDC exports. LDCs also call for the examination of non-tariff barriers impacting LDC exports and to explore options to address adequately the problems faced by LDCs.

WTO initiatives, Enhanced Integrated Framework, and other WTO related issues of interest to LDCs

3.15. The LDC Group appreciates the commitment of donors who made announcements in Nairobi as part of Phase 2 of the Enhanced Integrated Framework (EIF). Other donors who have not yet made a contribution are invited to make commitments, without delay. The LDC Group also stresses the importance that non-traditional donors participate and make contributions to the EIF.

Aid for Trade (AfT)

3.16. Building on the progress to date, the LDCs have identified as a priority the need to address supply-side capacity constraints, and constraints to conform with standards imposed by trading partners, to the extent that they present real challenges for LDC exports. Conformity with technical standards and regulations defined by trading partners should be supported by appropriate technical assistance, capacity building programmes with predictable resources. In addition, resources should be allocated to support LDC diversification and competitiveness in the supply of value-added products in the areas of agriculture, fisheries and services. Support should be provided to LDC efforts to ensure the structural transformation of their businesses to promote diversification and industrialization, and in the fight against poverty. In facilitating the above, it is important and necessary that these measures take into account the diversity and specific needs of individual LDCs in order to ensure effective results.

Availability of Trade Information and Reliable and Updated Statistical Data

3.17. The LDC Group underlines the need for trade information and reliable, updated statistical data for conducting relevant trade negotiations at the post-Nairobi phase. This information should be provided by the WTO Secretariat and circulated to the wider Membership. Information should also be provided by other related and relevant institutions whose activities focus on the promotion of trade and development for LDCs, including UNCTAD, ITC, WCO, the World Bank, IMF, etc.

Accessions

3.18. The LDC Group calls on Members to facilitate and accelerate the accession process for LDCs, in accordance with accession guidelines of 2002 on the process for LDCs acceding to the WTO revised in 2012. The Group also requested that acceding LDCs receive assistance for capacity building and adequate technical assistance to ensure their integration into the multilateral trading system.

4 NEWS ISSUES AND PARAGRAPH 34 OF THE NAIROBI MINISTERIAL DECLARATION

4.1. LDC Group stresses that discussions on any so-called new issues are conducted for exploratory purposes, in appropriate consultation formats. The conclusions and recommendations to be derived from these consultations must respect the decision making procedures of the WTO and in accordance with paragraph 34 of the Nairobi Ministerial Declaration. A consultation schedule should be developed to avoid conflicts with work on the remaining issues of the Doha Development Agenda. Proponents of new issues should present the issues in a manner to clearly demonstrate their relevance to the interests of LDCs.

5 SUSTAINABLE DEVELOPMENT GOALS

5.1. The LDC Group recalls that both Sustainable Development Agenda and Istanbul Programme of Action, set a target for doubling the share of LDCs in global export from 1% to 2% by 2020. Toward this end, the LDCs calls up on the Members to hold a discussion on this issue, in the Sub-Committee on LDCs.

6 CONCLUSION

6.1. The LDC Group would like to reiterate the importance and necessity that the results of the ongoing process of negotiations ensure the effective participation of LDCs in international trade, promote economic growth and contribute to the fight against poverty and the realization of the 2030 Agenda for Sustainable Development.
