

# South Asian Positions in the WTO Doha Round

In Search of A *True* Development Agenda

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## *Foreword*

Another World Trade Organisation (WTO) Ministerial is round the corner; the second since the launch of the Doha Round of trade negotiations in 2001. Once again the objectives are to move forward sufficiently, so that the Doha Round is concluded satisfactorily, at the earliest opportunity. Given the fact that the Cancún Ministerial collapsed in 2003 and the subsequent progress made in July 2004, the success of the Hong Kong Ministerial is of greater significance. For developing countries, it is very crucial that the Hong Kong Ministerial provides positive direction to the already 'limping' Doha Round.

Unfortunately, as at end of November 2005, with only a few days to go for the Hong Kong Ministerial, member countries have failed to reach an agreement on common negotiating perspectives, be it agriculture, services or non-agricultural market access (NAMA). WTO members are increasingly taking a divergent stance. It is not only a North-South divide over a range of issues being negotiated in the WTO, but also there are certain issues on which interests of Southern countries vary. While least developed countries (LDCs) are concerned about the erosion of their preferences as a result of further reduction of tariffs under NAMA, net-food importing developing countries are more concerned about rising import bill in the eventuality of farm subsidies cut by developed countries. Negotiations are almost at an impasse and so far there is no significant breakthrough on the outline of the 'first approximation' and the 'definitions of modalities' for the core area of negotiations as envisaged in the WTO's July Package. This has put negotiations in a very critical situation.

Under the prevailing situation of negotiations, the stakes for the South Asian countries are very high. They are concerned on the extent to which this round will help these countries to address and highlight the developmental goals and fulfill their needs and aspirations.

This volume is the first publication from a collaboration of five research organisations in five South Asian countries, viz. Bangladesh, India, Nepal, Pakistan, and Sri Lanka; each highlighting the concerns of South Asian countries and LDCs *per se* on the five key issues of the July Framework Agreement: agriculture, non-agricultural market access, services, trade facilitation and development dimensions.

Agriculture is the main source of livelihood for a majority of people in all South Asian countries. It plays a significant role: economically, socially and culturally. Therefore, the sector has been analysed both from the perspectives of larger developing countries of the region, such as Pakistan and India and net-food importing countries of the region, viz., Nepal, Bangladesh and Sri Lanka. Being a heterogeneous group of developing and

LDCs, the interests of the South Asian region includes market access for their farm products, adequate safeguards to protect their small and vulnerable farmers, ways to address the likely increase in food import bill as a result of reduction in farm subsidies by the rich countries and trade-related capacity building to improve agriculture productivity and infrastructure, and for the development of facilities and systems for compliances with sanitary and phytosanitary (SPS) measures and various required certifications.

The services sector is a major contributor of income in South Asian countries. It accounts for the predominant share of gross domestic product (GDP). South Asia is greatly endowed with semi-skilled and low-skilled labourers who can provide labour-intensive services. Besides, countries like India, Bangladesh and Pakistan have vast pool of professional service providers in segments such as health care, accountancy, engineering, law and architecture. Trade under Mode 4 (temporary movement of workers) is least liberalised. The issue has been further complicated by rising security concerns in developed countries.

The major concerns of five countries *vis-à-vis* NAMA are simplification of rules of origin (RoO), concessions in the coverage of tariff reductions, and duty-free and quota-free access to the developed countries' markets. South Asian countries want greater access to developed-country markets by addressing the problem of tariff peaks and escalation on the products of their export interests. They also want dismantling of non-tariff barriers (NTBs) being faced by their exports. Since four out of seven countries in the region are LDCs, preference erosion is a major cause of concern for them. Therefore, it is necessary that while negotiating tariffs under NAMA, these countries should be adequately compensated for their erosion of preference in market access.

The overall success from LDCs' perspective depends on how many of their concerns are addressed through special & differential treatment (S&DT) and technical and financial assistance. For this it is very much necessary that development dimensions of the Doha Agenda should not be diluted. To make the new round a 'development round' requires a binding commitment and political will on the part of the rich countries.

Much will depend on how South Asian countries arrive at common negotiating grounds and put forward a common agenda in the ongoing trade negotiations under the Doha Round. The above summary is much too brief to be anything more than suggestive of the richness and depth of the analysis in individual chapters. Hopefully, it is enough to whet the appetite for reading the book in its entirety.

**December, 2005**  
**Dhaka, Bangladesh**

**Amir Khosru M. Chowdhury**  
**Former Commerce Minister of Bangladesh**

## *Preface*

Multilateral trade negotiations under Doha Development Agenda (DDA), which resumed after the collapse (not failure as many would like to believe) of the Fifth Ministerial of the World Trade Organisations (WTO) in Cancún in September 2003, culminated in the General Council meeting in July 2004 that adopted “July Package”. The July Package sets the stage for negotiations among members during the run-up to the Hong Kong Ministerial and beyond it.

It identified five priority areas for further negotiation: Agriculture, Non-Agriculture Market Access (NAMA), Services, Trade Facilitation and Development Dimensions. Subsequent meetings have met with little success, as far as reaching agreements on various issues under DDA is concerned, mainly stumbling over politically sensitive agricultural trade issues.

WTO heavyweights have started having mixed opinions on the WTO’s credibility. Some are painting a largely gloomy picture, saying differences are still too wide whereas many others are indeed hopeful. They feel that the Sixth WTO Ministerial in Hong Kong to be held from 13-18 December 2005 should create a “road map” for global trade talks, even if it misses its goal of crafting the outlines of a treaty tearing down barriers to commerce.

The success of WTO Ministerial in Hong Kong depends on successful talks among members. The South Asian region has full faith in the multilateral trading system and they realize that the DDA offers tremendous opportunities for these countries to achieve their overarching objective of sustainable development and poverty alleviation. Therefore, they have high stakes in successful completion of the DDA.

South Asia is home to more than half of the world’s poor and trade is directly or indirectly affecting a significant section of the population. Thus, it is imperative for South Asian countries to approach the WTO Doha Round of negotiations in a manner that would help the poor and, in particular, insulate those sections of the population who would get adversely affected as a result of trade liberalisation, at the same time addressing issues of human development and livelihood concerns.

While it is important for the South Asian countries to join hands and form a common position in the run-up to the Hong Kong Ministerial, it is a difficult task. Given the difference in the level of economic development, reliance on trade, and status of countries in terms of food security situation, problems are bound to arise. These problems are reasonably difficult to resolve, but in no way, impossible.

Given the limited negotiating resources, the research papers in this book have tried to capture the South Asian perspective of the WTO trade negotiations. The efforts are also made to formulate a common position and negotiating stance of these countries based on the concerns expressed by the different relevant stakeholders in these countries on five key issues: agriculture, industrial goods, services, trade facilitation and development dimension, which impact the people of South Asia. This project is being implemented with the support of Novib (Oxfam Netherlands).

South Asian countries have divergent interest on some issues but do not preclude the possibility of arriving at common position on others. The negotiators need to prioritise issues on the basis of their importance so as to create better impact on making trade work for people, especially the poor of South Asia. It is also necessary for all the countries to be proactively engaged in the WTO discussions so as to ensure that issues that have not received much prominence in the July Package, but have potential to affect them, be also addressed.

**December 2005**  
**Jaipur, India**

**Pradeep S. Mehta**  
**Secretary General**

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## *Abbreviations & Acronyms*

AAR	:	Authority for Advance Rulings
ABI	:	Argentina Brazil and India
ACIS	:	Advanced Cargo Information System
ACP	:	African, Caribbean and Pacific
AGOA	:	Africa Growth and Opportunity Act
AMS	:	Aggregate Measure of Support
AoA	:	Agreement on Agriculture
APEC	:	Asia Pacific Economic Cooperation
ASEAN	:	Association of South East Asian Nations
ASYCUDA	:	Automated System for Customs Data
AVE	:	<i>Ad-Valorem</i> Equivalent
BIMSTEC	:	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BoI	:	Board of Investment
BoP	:	Balance of Payments
BPO	:	Business Process Outsourcing
BSCIR	:	Bangladesh Council for Scientific and Industrial Research
BSTI	:	Bangladesh Standard Testing Institute
CB	:	Capacity Building
CBEC	:	Central Board for Excise Customs
CBI	:	Caribbean Basic Initiative
CBR	:	Central Board of Revenue
CEGAT	:	Customs Excise and Gold Control (Appellate) Tribunal
CEPA	:	Comprehensive Economic Partnership Agreement
CII	:	Confederation of Indian Industries
CM	:	Cutting and Making
CoA	:	Committee on Agriculture
CODEX	:	Code of Exported Food
CPC	:	Central Product Classification
CRS	:	Computer Reservation System
CTD	:	Committee on Trade and Development
CTD	:	Customs Transit Declaration

CTD-SS	:	Committee on Trade and Development Special Session
CTG	:	Council for Trade in Goods
CTS	:	The Council for Trade in Services
CTSSS	:	Special Session of the Council for Trade in Services
CUSDEC	:	Customs Declaration
DDAGTF	:	Doha Development Agenda Trust Fund
DGFT	:	Directorate General of Foreign Trade
DMD	:	Doha Ministerial Declaration
DSB	:	Dispute Settlement Body
DSU	:	Dispute Settlement Understanding
DTI	:	Direct Trader Input
DTIS	:	Diagnostic for a Trade Integration Strategy
EASY	:	Electronic Assessment System
EBA	:	Everything But Arms
EDB	:	Economic Development Board.
EDI	:	Electronic Data Interchange
EEA	:	European Economic Area
ENT	:	Economic Needs Test
EPB	:	Export Promotion Bureau
EU	:	European Union
FAO	:	Food and Agriculture Organisation
FDI	:	Foreign Direct Investment
FIP	:	Five Interested Parties
FTA	:	Free Trade Agreement
FTI	:	Foreign Trade Institute
GATS	:	General Agreement on Trade in Services
GATT	:	General Agreement on Tariffs and Trade
GC	:	General Council
GDP	:	Gross Domestic Product
GDS	:	Global Distribution System
GI	:	Geographical Indication
GNP	:	Gross National Product
GSP	:	General System of Preferences
HACCP	:	Hazard Analysis Critical Control Point
HIPAA	:	Health Insurance Portability and Accountability Act
ICT	:	Information and Communication Technology
ICTSD	:	The International Centre for Trade and Sustainable Development
IDS	:	Infrastructure Development Surcharge

IF	:	Integrated Framework
IMF	:	International Monetary Fund
IPRs	:	Intellectual Property Rights
ISCO	:	International Standard Classification of Occupations
IT	:	Information Technology
ITC	:	International Trade Centre
ITCC	:	Import Trade Control Committee
ITES	:	Information Technology Enabled Services
ITS	:	Information Technology Services
JITAP	:	Joint Integrated Technical Assistance Programme
JP	:	July Package
LCA	:	Letter of Credit Authorisation
LDCs	:	Least Developed Countries
MA	:	Market Access
MDGs	:	Millennium Development Goals
MFA	:	Multi Fibre Agreement
MFN	:	Most-favoured-nation
MRAs	:	Mutual Recognition Arrangements
MTN	:	Multilateral Trade Negotiations
NAFTA	:	The North American Free Trade Agreement
NAMA	:	Non Agricultural Market Access
NASSCOM	:	National Association of Software and Service Companies
NFIDCs	:	Net food-importing developing countries
NGOs	:	Non-Government Organisations
NGTF	:	Negotiating Group on Trade Facilitation
NRI	:	Non Resident Indians
NTBs	:	Non tariff barriers
ODCs	:	Other Duties and Charges
OECD	:	Organisation for Economic Cooperation and Development
PAL	:	Ports and Airports Development Levy
PIS	:	Pre-shipment Inspection System
PMAP	:	Post-MFA Action Programme
RBI	:	Reserve Bank of India
RKC	:	Revised Kyoto Convention
RMG	:	Readymade Garment
RPOs	:	Revenue Protection Orders
SAARC	:	South Asian Association for Regional Cooperation
SAFTA	:	South Asia Free Trade Agreement

SAPTA	:	SAARC Preferential Trading Agreement
S&DT	:	Special & Differential Treatment
SEVIS	:	Student Exchange Visitor Information System
SG	:	Special Safeguard
SLACCS	:	Sri Lanka Automated Cargo Clearance Systems
SLPA	:	Sri Lanka Ports Authority
SME	:	Small and medium-sized Enterprises
SP	:	Special Products
SPS	:	Sanitary and Phytosanitary
SSG	:	Special Safeguard Measures
SSGs	:	Special Agricultural Safeguards
SSM	:	Special Safeguard Mechanism
STEs	:	State Trading Enterprises
TACB	:	Technical Assistance and Capacity Building
TATP	:	Technical Assistance and Training Plan
TBT	:	Technical barriers to trade
TIR	:	International Transit System for Goods Carried by Road
TNC	:	Trade Negotiations Committee
TPR	:	Trade Policy Review
TR	:	Technical Regulation
TRADE	:	Tariff Relief Assistance for Developing Economies
TRIPs	:	Trade Related Aspects of Intellectual Property Rights
TRQs	:	Tariff Rate Quotas
TRTA	:	Trade-Related Technical Assistance
TTC	:	Trade Transaction Costs
TUPES	:	Transfer of Undertakings and Protection of Employees
UNCTAD	:	United Nations Conference on Trade and Development
UNDP	:	United Nations Development Programme
URAoA	:	Uruguay Round Agreement on Agriculture
UK	:	United Kingdom
UNCBD	:	Convention of Biodiversity
USA	:	United States of America
VAT	:	Value Added Tax
WB	:	World Bank
WCO	:	World Customs Organisation
WEO	:	World Environment Organisation
WIPO	:	World Intellectual Property Organisation
WTO	:	World Trade Organisation