Bali outcome and LDC package

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Least Developed Countries

- Poorest members of the world community.
- Comprise about 12% of the world's population.
- Account for less than 2% of world GDP.
- About 1% of global trade in goods.
- Participation in global trade in services is even less.
- 48 LDCs designated by the United Nations, of which 34 are now WTO members while another nine are negotiating to join the WTO.
WTO and LDCs

- The WTO agreement recognizes that LDCs need special treatment and assistance to achieve their development objectives.
- WTO agreements include provisions aimed at increasing LDCs’ trade opportunities and allowing LDCs flexibility in implementing WTO rules.
- The WTO together with other international agencies have also established special programs to support LDCs in enhancing their participation in the global trading system.
The 9th WTO’s Bali Ministerial Conference concluded on 7 December 2013 with agreement on a package of issues designed to streamline trade, allow developing countries more options for providing food security, boost least developed countries’ trade and help development more generally.
TWO PARTS

- Part I arises from regular ongoing WTO work under the General Council and is related to TRIPS, e-commerce, small economies, Aid for Trade, and trade and transfer of technology.

- Part II of the package includes those selected items from the original Doha Development Agenda that WTO members could agree on during the Ministerial Conference. The most important elements are on trade facilitation, agriculture and food security and special provisions for the least developed countries.
TRADE FACILITATION

- To simplify customs procedures through this legally binding agreement has the objectives: to speed up customs procedures; make trade easier, faster and cheaper; provide clarity, efficiency and transparency; reduce bureaucracy and corruption, and use technological advances. It also has provisions on goods in transit, an issue particularly of interest to landlocked countries seeking to trade through ports in neighbouring countries.
AGRICULTURE PART

- Shielding public stockholding programmes for food security in developing countries, so that they would not be challenged legally even if a country’s agreed limits for trade-distorting domestic support were breached. This is an interim solution with the aim to produce a permanent solution in four years.

- Handling “tariff quota administration” (TRQ), i.e. how a specific type of import quota (a “tariff quota” where volumes inside the quota have a lower duty) is to be handled when the quota is persistently under-filled. Members have agreed on a combination of consultation and providing information when quotas are under-filled.

- A strong political statement to ensure export subsidies and other measures with similar effect are low.

- Improving market access for cotton products from least developed countries, and with development assistance for production in those countries.
LEAST DEVELOPED COUNTRIES PACKAGE

- Three major decisions for facilitating their exports to the developed countries’ markets:
  - To provide preferential market access on at least 97% of products under the Duty Free Quota Free (DFQF) market access to the developed countries’ markets. Many countries have already implemented this, and the decision says countries that have not done so for “shall seek to” improve the number of products covered.
  - A simplified preferential rules of origin to make it easier for least developed countries to export their products.
  - A “services waiver”, allowing least developed countries preferential access to richer countries’ services markets.

- Is Myanmar prepared? Is Myanmar analysing her needs for tabling proposal so that road maps are recommended by the Trade Negotiating Committee by 2014.
Duty Free Quota Free (DFQF)

- In the WTO Hong Ministerial Conference, the Ministers agreed on Annex F, which obliged developed countries and developing countries - declaring themselves in a position to do so, to provide duty free and quota free market access to LDCs.

- However, the coverage of products was not uniform and substantial earlier, hence Ministers decided on granting DFQF on at least 97% of products.
Bali: DFQF decision

- Developed-country Members that do not yet provide duty-free and quota-free market access for at least 97% of products originating from LDCs, shall seek to improve their existing DFQF coverage.
- Developing-country Members, declaring themselves to do so will also enhance their existing DFQF coverage.
- General Council has to report with its recommendations on implementation of this decision to the next Ministerial Conference.
<table>
<thead>
<tr>
<th>Country</th>
<th>Duty-free coverage and exclusions</th>
<th>Year of Implementation of the DFQF Scheme for LDCs</th>
<th>Number of Dutiable lines (national tariff lines)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>100%</td>
<td>2003</td>
<td>None</td>
</tr>
<tr>
<td>Canada</td>
<td>98.8% (dairy, eggs and poultry)</td>
<td>2003</td>
<td>102</td>
</tr>
<tr>
<td>European Union</td>
<td>99% (arms and ammunitions)</td>
<td>2001</td>
<td>92</td>
</tr>
<tr>
<td>Japan</td>
<td>98.2% (rice, sugar, fishery products, articles of leather)</td>
<td>2007</td>
<td>164</td>
</tr>
<tr>
<td>New Zealand</td>
<td>100%</td>
<td>2001</td>
<td>None</td>
</tr>
<tr>
<td>Norway</td>
<td>100% (except roses)</td>
<td>2002</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland</td>
<td>100% (except two cheese items)</td>
<td>2007</td>
<td>2</td>
</tr>
<tr>
<td>United States</td>
<td>82.5% (dairy products, sugar, cocoa, articles of leather, cotton, articles of apparel and clothing, other textiles and textile articles, footwear, watches, etc.)</td>
<td>Not yet</td>
<td>1,832</td>
</tr>
</tbody>
</table>
## DFQF: coverage by the developing countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Duty-free coverage</th>
<th>Year of Implementation of the DFQF Scheme for LDCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>At present, 60% of all tariff lines covered by DFQF access, with the aim of increasing to 97% of its tariff lines by 2015</td>
<td>2010</td>
</tr>
<tr>
<td>India</td>
<td>At present, 85% of tariff lines covered by DFQF access, and a margin of preference above MFN for an additional 9% of tariff lines</td>
<td>2008</td>
</tr>
<tr>
<td>Korea, Republic of</td>
<td>95% of tariff lines (as of January 2012)</td>
<td>First Introduced in 2000 and extended coverage in 2008</td>
</tr>
<tr>
<td>Chinese Taipei</td>
<td>Nearly 32% of tariff lines (2011)</td>
<td>2005</td>
</tr>
<tr>
<td>Turkey</td>
<td>Nearly 80% of tariff lines (2011)</td>
<td>2006</td>
</tr>
</tbody>
</table>
DFQF: Real market access

Source: APTIR 2013 on the basis of work by Edu and Heal, 2013
Preferential rules of origin

- Rules of origin are an important component of GSP or DFQF.
- Different schemes have different origin criteria – problems for exporters:
  - Same operation of manufacturing may not qualify for preferences
  - Different documentary requirements
  - Lack of information
  - High transaction cost, etc.
Preferential rules of origin (2)

Bali: Guidelines on preferential RoO, relating to:

- Criteria
- Documentary requirements
- Transparency

The Committee on Rules of Origin has to annually review the developments in preferential rules of origin applicable to imports from LDCs, in accordance with the Bali guidelines, and report to the General Council.
<table>
<thead>
<tr>
<th>GSP Scheme</th>
<th>Criteria for determining the originating status</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>All three available criteria are used: a. Value addition based on ex-work price and value on not originating material; b. Change of Tariff classification c. Processing test. Cumultation with the EU countries, FTA partners of the EU, Turkey, Switzerland and Norway and among the countries of 4 regional grouping. Minimum qualification requirement</td>
</tr>
<tr>
<td>Canada</td>
<td>Value addition: based on ex-factory price and value of non-originating materials. Cumulation with preference-receiving countries and Canada applied</td>
</tr>
<tr>
<td>United States</td>
<td>Value Addition: Based on appraised value and value of materials produced in the beneficiary country plus the direct processing costs. Cumulation with member countries of the regional blocs</td>
</tr>
<tr>
<td>Country</td>
<td>GSP rules of origin (2)</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Japan</td>
<td>Change of Tariff Heading in combination with value addition and processing test method.</td>
</tr>
<tr>
<td></td>
<td>Value addition is based on value of the final products and value of non-originating</td>
</tr>
<tr>
<td></td>
<td>material</td>
</tr>
<tr>
<td></td>
<td>Minimum qualification requirement</td>
</tr>
<tr>
<td></td>
<td>Cumulation applied only for five ASEAN countries</td>
</tr>
<tr>
<td>Australia</td>
<td>Value Addition: Based on factory cost and the value of labour and/or materials</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Value Addition: Based on factory cost and the value of labour and/or materials</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Combination of value addition, Change of Tariff Heading and processing test. Value</td>
</tr>
<tr>
<td></td>
<td>addition is based on ex-works price and value of non-originating material</td>
</tr>
</tbody>
</table>
Preferential rules of origin (3)

- It is important for LDCs to seek a uniform rules of origin for DFQF or at least more favourable rules for LDCs (as in case of Australia, EU etc.)

- Cumulation is another important aspect. An “Open cumulation” with the other LDCs and developing countries would benefit the LDCs.

- The Bali decision, though not mandatory, is an important milestone for enabling LDCs to benefit from preferential schemes. However, the benefit to LDCs will be there only when, the recommendations are implemented.
Operationalization of the Service Waiver

- Opportunity to seek market access in Services without reciprocity for LDCs. It states:
  - Initiation of a process by the Council for Trade in services aimed at promoting the expeditious and effective operationalization of the LDC services waiver and periodic review of the operationalization of the waiver;
  - Submission of a collective LDC request identifying the sectors and modes of supply of particular export interest to them without mentioning any deadline for such submission;
  - Convening a high-level meeting six months after the submission of LDC collective request list, where developed and developing country Members, in a position to do so, will be required to indicate sectors and modes of supply where they intend to provide preferential treatment to LDC services and service suppliers;
  - Encouraging Members, in their individual capacities, at any time to extend preferences to LDCs' services and service suppliers, consistent with the waiver Decision; and
  - Enhanced technical assistance and capacity building to help LDCs benefit from the operationalization of the waiver.
Contribution of services to GDP

Myanmar, 1999
- Service: 32%
- Mfg.: 7%
- Agriculture: 61%

Myanmar, 2004
- Service: 37%
- Mfg.: 13%
- Agriculture: 50%

Myanmar, 2012
- Service: 38%
- Mfg.: 30%
- Agriculture: 32%

With time the role of services in Myanmar’s economy is increasing and therefore it is important that Myanmar takes the opportunity of “Services waiver” to its advantage. Its share of services in value added is also 37.4%.
Future road map

- It is important for Myanmar to start working internally in assessing the Bali outcome and its priorities in each area.
- Link to Trade sector working group TORs
- Conduct research to identify:
  - Identify important products/sectors that are important for DFQF market access.
  - The RoO criteria suitable for these important products/sectors for exporters of Myanmar.
  - The sectors in services where it can seek preferential market access.
Future road map (2)

- Do stakeholders’ consultation before submitting the proposal to the WTO.
- Necessary to talk to the others LDCs especially Nepal which is LDC Chair in WTO.
- This all needs to be done by the end of 2014 as the work programme of Bali and remaining issues need to be prepared by the TNC.
- ESCAP will be willing to provide technical assistance in this regard as possible.
July 2014 deadline missed

- The Protocol of Amendment to add the Trade Facilitation Agreement to the WTO agreements which was to be adopted on 31st July 2014, could not be adopted due to the opposition of certain countries mainly India, supported by Cuba, Venezuela and Bolivia opposed adoption of the TFA since no progress was made on Food Security issue.
Thank You