

**Committee on Trade and Development
Special Session**

**SPECIAL SESSION OF THE COMMITTEE ON
TRADE AND DEVELOPMENT**

Report by the Chairman, Ambassador Burhan Gafoor (Singapore),
to the General Council

I. INTRODUCTION

1. At the Hong Kong Ministerial Conference, Ministers reaffirmed that provisions for special and differential treatment (S&D) are an integral part of the WTO Agreements and renewed their determination to fulfil the mandate contained in paragraph 44 of the Doha Ministerial Declaration and in the Decision adopted by the General Council on 1 August 2004; namely, that all S&D provisions be reviewed with a view to strengthening them and making them more precise, effective and operational.

2. Specifically, Ministers instructed:

- the Special Session to expeditiously complete the review of all the outstanding Agreement-specific proposals and report to the General Council, with clear recommendations for a decision at the latest by December 2006;
- the bodies in which the Category II proposals are being addressed to complete consideration of those proposals and report to the General Council, with the objective of ensuring that clear recommendations for a decision are made by December 2006. In this regard, the Special Session has been directed to continue to coordinate its efforts with these bodies, so as to ensure that this work is completed on time;
- the Special Session to resume work on all other outstanding issues, including on the cross-cutting issues, the Monitoring Mechanism and the incorporation of S&D into the architecture of WTO rules and report on a regular basis to the General Council.

II. STATUS OF WORK

3. Since the Hong Kong Ministerial Conference, the Special Session held two formal meetings (6 March and 7 April 2006) and several informal consultations, including most recently one on 8 May 2006.

4. At the first-open-ended informal meeting held on 24 February, the Chairman sought Members' views on how to move forward on the different elements of the S&D Work Programme as mandated in the Hong Kong Ministerial Declaration. At that meeting, Members reached an understanding to begin with a text-based discussion of the eight remaining Category I Agreement-specific proposals based on the last language considered and to then take up the eight remaining Category III proposals. (A schematic representation of all the Agreement-specific proposals is annexed.) Finally, Members agreed to resume the discussion on all other outstanding issues, including on the cross-cutting issues, the Monitoring Mechanism, and the incorporation of S&D treatment into the architecture of WTO rules.

5. Consequently, the Special Session has focused on the eight remaining Category I Agreement-specific proposals. The eight proposals relate in effect to four issues, namely: (i) Article 3.5 of the Agreement on Import Licensing; (ii) Article 10.3 of the SPS Agreement; (iii) Article XVIII of the GATT; and (iv) the Understanding in Respect of Waivers of Obligations under the GATT 1994.

6. In the discussion on the Agreement-specific proposals, the Chairman has been encouraged by a few developments. First, a very constructive mood has prevailed among Members. Second, Members have generally shown flexibility. Third, the proponents have also shown flexibility by agreeing to use the last language considered, instead of their original proposals, as the starting point for discussions. Finally, Members have been willing to engage in a text-based negotiation and this process has resulted in revised language for some of the proposals.

7. Members have been able to agree to revised language on three proposals relating to Article 3.5 of the Agreement on Import Licensing and on one proposal relating to Article XVIII of GATT 1994. While revised language on these two issues is a step forward, there remains much work to be done on them. At the meeting on 8 May 2006, the discussions focussed on two proposals relating to Article 10.3 of the SPS Agreement. While differences remain, there were also several suggestions on possible ways forward. Members also indicated a readiness to have a smaller group discussion on these two proposals relating to the SPS Agreement.

8. Overall, more work is needed on the Category I proposals as it is clear that there are still some deep differences amongst Members. While Members generally accept that developing country Members should be provided the necessary flexibilities to address their constraints, some Members have stressed that blanket exemptions from commitments are unacceptable.

9. The LDCs have also raised the issue of the implementation of the duty-free quota-free (DFQF) market access decision adopted at Hong Kong. The LDCs have indicated that the modalities of the decision should be a matter for negotiations in the Special Session of the CTD. They have stressed that they would like to see a number of issues addressed in the Special Session, including the identification of the products that are intended to be provided DFQF treatment; the specific 97 per cent of the tariff lines that will be covered under the decision; an indication of the developing country Members declaring themselves in a position to provide DFQF market access to the LDCs; and the tariff lines that are likely to be excluded from the DFQF treatment. They have also raised the issue of preferential Rules of Origin.

10. However, there continues to be a lack of consensus on where further work on this issue is carried out, with some Members maintaining that the negotiations on this issue are complete and that therefore all issues relating to the implementation of this decision be taken up in the Regular Session of the CTD. Given the differences in views, the Chairman has urged delegations to undertake informal consultations amongst themselves in order to reach an understanding. The Chairman has also indicated that he is ready and prepared to facilitate the process of dialogue and convergence, if and when this becomes necessary.

11. With regard to the Category II proposals, the Chairman requested an update from the Chairpersons of the bodies to which these proposals have been referred. Most of the Chairpersons indicated that progress on the proposals has not been forthcoming including in certain cases due to a lack of engagement amongst Members. A more detailed report on the status of these proposals will be made by the different Chairpersons themselves at the General Council meeting. It is clear that much work remains to be done by all interested Members if any real progress is to be made on these proposals. At the request of Members, and with the input of the various Chairpersons, the Secretariat has prepared a matrix showing when the different Category II proposals will be discussed in the different negotiating groups and bodies. This will help delegations to plan and prepare their participation in the different meetings.

12. Work on the outstanding issues resumed at the formal meeting held on 7 April. Discussions focused on the establishment of a Monitoring Mechanism. While some Members believe that the Monitoring Mechanism should enable the regular evaluation of the effectiveness and utilization of the S&D provisions, many are divided on what the structure and elements of such a mechanism should be. In response to a suggestion on developing guidelines for S&D that would address the diversity among developing countries, a number of Members cautioned that this would not result in a meaningful discussion and could take away focus from other issues on which Members can build convergence. Overall, the fact that the Committee resumed its discussion on all outstanding issues, as directed by the Ministers, in an atmosphere of mutual respect is a positive development. At the same time, there continues to be deep differences of views on this cluster of issues. This will require Members to crystallise their own views and continue informal discussions amongst themselves. The Committee plans to continue the discussion on this issue in July.

III. FUTURE WORK

13. In the coming months, consultations on the Agreement-specific proposals will continue in an attempt to narrow the existing differences. While informal meetings will continue to take place, formal meetings are scheduled for June and July. At the June meeting, Members will continue their consideration of the Category I proposals and begin discussions on the remaining eight Category III proposals. Members will continue consideration of these proposals at the July meeting, at which they will also take up the other outstanding issues.

14. On the Category II proposals, the Special Session will continue to monitor and coordinate its efforts with that of the negotiating groups and other WTO bodies to try and ensure that the December 2006 deadline for completing work on these proposals is met. The Chairman will also continue to periodically meet with the various Chairpersons of these bodies and underscore as necessary the need to expedite work in this area.

ANNEX

