

**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. In this regard, the Special Session was instructed to:

- expeditiously complete the review of all the outstanding Agreement-specific proposals and report to the General Council, with clear recommendations for a decision by December 2006; and
- 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.

2. Additionally, the bodies in which the Category II proposals are being addressed were instructed 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 no later than December 2006. In this regard, the Special Session was directed to continue to coordinate its efforts with these bodies, so as to ensure that this work is completed on time.

II. STATUS OF WORK

3. Since the Hong Kong Ministerial Conference, the Special Session has held four formal meetings (6 March, 7 April, 1 June and 7 July 2006) and a number of informal plurilateral consultations. In these meetings and consultations, I have continued to focus the process on a text-based discussion of the 16 remaining Agreement-specific proposals (eight from Category I and eight from Category III), bearing in mind that the Committee was mandated by the Ministers at Hong Kong to make clear recommendations for a decision on these proposals by December 2006

4. Overall, Members have made some progress on six of the 16 remaining Agreement-specific proposals. The formal and informal consultations have led to revised texts on four of the proposals, three relating to Article 3.5 of the Agreement on Import Licensing and one proposal relating to Article XVIII of the GATT. On two of the proposals relating to the SPS Agreement, informal discussions have continued on the basis of alternative texts proposed by some Members. While the

revised language on these six proposals provides a basis for further discussions, it is clear that work on these proposals is far from complete and further progress will require Members to show greater flexibility.

5. As for the other ten proposals, the divergences are considerable and Members have not yet been able to prepare any revised or alternative texts. If there is to be convergence on these proposals, Members need to be flexible and the proponents have to reach out to other stakeholders to convince them of the merit of their proposals. The issue of predictability of outcome versus automaticity in the granting of flexibility has been a contentious one, and unless Members can strike a balance between the two it will be difficult to make progress. Some Members have also raised questions regarding the utilization of some of the provisions the proponents are seeking to strengthen. In their view, they do not see the justification in seeking to amend provisions that have not caused practical problems. The proponents have however reiterated that paragraph 44 of the Doha Ministerial Declaration calls for all S&D provisions to be strengthened, not just those that have proved to be problematic in their implementation and utilization. Members have been encouraged to continue meeting among themselves to narrow their differences.

6. In the discussions on the Agreement-specific proposals, the LDCs have continued to stress the importance they attach to a quick and effective implementation of the duty-free quota-free (DFQF) market access decision adopted in Annex F at Hong Kong. The LDCs have formally tabled two submissions in the Committee, one on rules of origin and the other on market access.¹ The paper on the rules of origin points to the need for the DFQF decision to be accompanied by a single set of simple rules of origin and makes reference to the LDCs' preferred criteria for conferring origin. The paper on market access points to how the LDCs would like to see the DFQF market access decision implemented. It urges Members, including developing country Members declaring themselves to be in a position to do so, to make their positions known as early as possible, on how they intend to implement the decision.

7. In the preliminary discussions that have taken place, Members, while reiterating their commitment towards implementing the decision, have sought certain clarifications on the two papers. Some Members have expressed the view that further work on the DFQF decision should be undertaken in the Regular Session of the CTD, and not in the Special Session. However, the LDCs have maintained their position that further work to set out the means by which Members will implement this decision should be carried out in the Special Session of the CTD. It has been suggested that questions and clarifications on the two submissions, as well as any responses to them, be put in writing. Discussions on this issue will continue at the next meeting of the Special Session. At the same time, I have urged Members, particularly the key stakeholders, to continue their bilateral consultations with each other.

8. As for the proposals referred to other bodies (Category II proposals), Members were updated on their status at the formal meeting held on 7 April. They were informed that progress on the proposals has not been forthcoming, also in some cases due to a lack of engagement amongst Members. The proponents remain concerned about the lack of progress on these proposals and have supported the suggestion made by some other Members that these proposals should be addressed in dedicated meetings of the different bodies.

9. The cross-cutting issues were considered in the formal meeting held on 7 July 2006. In the discussions that have been held, Members have generally emphasised the importance of a Monitoring Mechanism. While a number of elements have been mentioned in the context of the cross-cutting issues, it is clear that the Monitoring Mechanism is viewed by many as an important step in the continuing review of the effectiveness and operationalization of the S&D provisions. Members have

¹ TN/CTD/W/30 and W/31 respectively.

stressed the need to reach an understanding on the scope of the Mechanism and have agreed that further discussions on the Monitoring Mechanism take place in informal meetings. To facilitate these discussions, and at the request of Members, the Secretariat has circulated a compilation of all the earlier proposals made on the Monitoring Mechanism.² If we are to make progress on this issue, Members themselves need to clarify their thoughts and ideas as to what they expect from a Monitoring Mechanism.

III. FUTURE WORK

10. When the negotiating process starts again, my intention would be to continue the text-based discussion with a view to making clear recommendations on all the remaining Agreement-specific proposals. The aim would be to build convergence on as many proposals as possible, and construct a package of proposals that will bring this long-standing issue to a closure. I would also continue to coordinate with the Chairpersons of the WTO bodies to which the Category II proposals have been referred.

² JOB(06)/229 dated 25 July 2006.