

2016 Integration Segment

How WTO's recent work has contributed to policy innovation and integration for the implementation of the 2030 Agenda

Least developed countries – DFQF, Rules of Origin, Services Waiver

Goal 17.12 Realize timely implementation of duty-free and quota-free market access on a lasting basis for all LDCs, consistent with WTO decisions, including by ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access

The implementation of DFQF market access is regularly monitored in the WTO which conducts annual reviews on the steps taken by WTO Members to provide DFQF market access to LDCs. According to the WTO Secretariat Note (WT/COMTD/W/214) prepared for the 2015 annual review, nearly all developed Members provide either full or significant DFQF market access to LDC products. Six developing Members have notified DFQF schemes in favour of LDCs. While the scope and coverage of preferences granted by these developing Members vary, some of them do provide comprehensive DFQF access to LDCs.

Market access for LDCs remains an important issue and the WTO Secretariat regularly prepares a Note in response to paragraph 8 of the WTO Work Programme for Least Developed Countries (LDCs), which mandates an annual review of market access for products originating from LDCs (WT/COMTD/LDC/11/Rev.1). The latest note was circulated on 5 October 2015 as document number WT/COMTD/LDC/W/60. It builds on previous Secretariat studies by updating the information on trends in LDCs' trade and market access conditions. One issue which has been found to hinder market access for the LDCs is preferential rules of origin. This has been the focus of recent work in the WTO.

At the Bali Ministerial Conference in 2013, WTO Members adopted, for the first time, multilateral guidelines on preferential rules of origin. At the Nairobi Ministerial Conference in 2015, Members built on these guidelines by providing more specific directions, including on requirements for the assessment of substantial transformation, cumulation possibilities and documentary requirements. The WTO Committee on Rules of Origin annually reviews developments in preferential rules of origin, including measures taken by Members to implement the Nairobi Decision. The WTO also maintains a Database on Preferential Trade Arrangements (<http://ptadb.wto.org>) where members' notifications and legislation on preferential rules of origin can be accessed.

The so-called "LDC Services Waiver", first adopted at the WTO's Eighth Ministerial Conference in 2011, releases members from their most-favoured nation obligation under the General Agreement on Trade in Services (GATS). This allows members to grant LDC services and service

providers preferential access to their markets for 15 years with the objective to enhance LDCs' participation in world services trade. The Bali decision was subsequently adopted in 2013 as initial progress to implement the LDC Services Waiver was slow.

In July 2014, LDCs submitted a collective request identifying the sectors and modes of services supply of particular interest to the LDCs. At a high-level meeting in February 2015, more than 25 members pledged to grant preferences to LDC services and services suppliers. To date, 21 members have submitted notifications. These are: Canada; Australia; Norway; Korea; China; Hong Kong, China; Chinese Taipei; Singapore; New Zealand; Switzerland; Japan; Mexico; Turkey; the United States; India; Chile; Iceland, Brazil; and the European Union. The Council for Trade in Services has also approved preferences with respect to measures going beyond GATS Article XVI contained in all notifications submitted before 2 November.

The 2011 "LDC Services Waiver" was extended by Nairobi Ministerial Decision [T/MIN\(15\)/48](#) for an additional four years, until 31 December 2030. The Nairobi Ministerial Decision also encourages discussions among members on technical assistance aimed at increasing the capacity of LDCs to participate in services trade. It also urges members who have not yet notified their preferences to the WTO's Trade in Services Council to promptly do so and sets up a review to monitor the operation of the notified preferences.

Agriculture and Fisheries

*Calls on WTO members to correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect (**MoI 2.b**)*

The Nairobi Ministerial Declaration contains a commitment by all Members to advance negotiations on the remaining Doha issues including advancing work in all three pillars of agriculture, namely domestic support, market access and export competition. Members also adopted decisions on cotton, public stockholding for food security purposes and a special safeguard mechanism for developing country Members.

In Nairobi WTO Members also adopted a decision of direct relevance to the achievement of the SDG objective above on the parallel elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect. According to the decision, export subsidies shall be eliminated by developed country Members immediately as a general rule, with delayed implementation under certain conditions for a limited number of products. Developing country Members have longer implementation periods. The decision also contains disciplines on maximum repayment terms and self-financing of export credits, export credit guarantees and insurance programmes. Members also agreed to ensure that agricultural exporting State Trading Enterprises do

not operate in a manner that would circumvent the other provisions of the decision. Finally, the decision includes disciplines on food aid aimed at minimizing the risk of commercial displacement and more specifically ensuring that food aid does not negatively affect domestic producers and local or regional markets. Least developed and net food importing developing country Members benefit from specific flexibilities.

The WTO Committee on Agriculture is to monitor the implementation of the Nairobi Ministerial Decision on export competition, as stated in its paragraph 4. This monitoring function will be achieved in accordance with existing notification requirements under the Agreement on Agriculture, as well as through the continuation of the annual dedicated discussion process on export competition, resulting from the WTO Bali Ministerial Conference, in accordance with the provisions of the annex to the Nairobi Ministerial Decision.

Aid for Trade

At the Tenth WTO Ministerial Conference held in Nairobi in December 2015, Ministers recognized the importance of and continuing need for the Aid for Trade Initiative and of according priority to the needs of LDCs. The biennial Aid for Trade Work Programme for 2016–2017 has as its overarching focus “Promoting Connectivity” by reducing trade costs, including in the area of services’ trade costs.

The SDG indicator is *8.a.1 Aid for Trade commitments and disbursements*. In order to collect further data and information on how and to what extent trade costs affect the economic development of developing countries and LDCs, it is foreseen that a series of pertinent questions will once again be included in the self-assessment questionnaire to be developed in connection with the monitoring and evaluation exercise (M&E) that will be conducted in support of the Aid for Trade Work Programme for 2016–2017. An analysis of the results of the M&E exercise will be presented at the Sixth Global Review of Aid for Trade to be held in 2017.

The WTO continues to work closely with the OECD with regard to the monitoring of Aid for Trade flows. Regarding the monitoring of commitments with respect to the LDCs, Phase Two of the Enhanced Integrated Framework (EIF) began on 1 January 2016, coinciding with the commitments adopted in the Addis Agenda. Therefore, monitoring of donor commitments towards the EIF, as the main Aid for Trade vehicle for LDCs, should be relatively straight forward. Monitoring of commitments can take place at three levels:

Donor contributions to the EIF Global Trust Fund (currently US \$90 million pledged) for Phase Two

Additional donor resources leveraged through Tier 2 projects

Additional donor resources leveraged to fund other projects/priorities — as identified through EIF support (e.g., DTIS/Update, Medium Term Programme/Trade Policy Framework)