

# WORLD TRADE ORGANIZATION

RESTRICTED

WT/COMTD/SE/M/6

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## Committee on Trade and Development Sixth Dedicated Session

### NOTE ON THE MEETING OF 17 OCTOBER 2003

*Interim Chairman: Mr. Neil McMillan (United Kingdom)*

#### Subjects discussed:

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1. The Secretariat opened the session in the absence of the Chairman of the Committee on Trade and Development (CTD) Ambassador Habib Mansour of Tunisia. The Secretariat said Rule 13 of the Rules of Procedure of the CTD stated that, "If the Chairperson is absent from any meeting or part thereof, the Committee on Trade and Development shall elect an interim Chairperson for that meeting or that part thereof."<sup>1</sup> The Secretariat invited Members' suggestions for an interim Chairperson.

2. The representative of Mauritius proposed Mr. Neil McMillan, Minister and Deputy Permanent Representative of the United Kingdom, as interim Chairperson of the Sixth Dedicated Session of the CTD.

3. The Committee elected Mr. Neil McMillan (United Kingdom) as interim chairperson of the Sixth Dedicated Session of the CTD.

#### A. ADOPTION OF THE AGENDA

5. The Chairman said the draft agenda for the meeting was contained in Airgram WTO/AIR/2167/Rev.1 of 8 October 2003 and asked if any delegation wished to add an item under other business.

6. The representative of Paraguay said he wished to make an intervention under other business.

7. The agenda was adopted.

#### B. WORK PROGRAMME ON SMALL ECONOMIES

8. The Chairman said it was clear from the report that the CTD submitted to the General Council in July that the Dedicated Session had made good progress. The Committee had carried out a thorough examination of the trade-related issues of specific interest to small economies as it had been asked to do by the Doha Ministerial Declaration. He said in light of the deferred success of the

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<sup>1</sup> WT/COMTD/6

5<sup>th</sup> Ministerial Conference, he hoped all Members could agree that it was important to keep up the momentum achieved before the Cancún Ministerial Conference and continue the work.

9. He recalled that in the report to the General Council, the CTD had recommended to the Fifth Ministerial Conference that it "continue its work in Dedicated Sessions under the overall responsibility of the General Council in accordance with the mandate contained in the Doha Ministerial Declaration and in line with the Framework and Procedures of the Work Programme on Small Economies." He said the CTD also had recommended that the "Dedicated Sessions shall consider in further detail the proposals contained in WT/COMTD/SE/W/3 and examine any additional proposals that Members might wish to submit." The Chairman said Members had recommended "that this work shall be completed with the conclusion of the negotiations but not later than 1 January 2005."

10. The representative of Mauritius referred to paragraph five of the Draft Ministerial Statement of 14 September 2003 (WT/MIN/03/W/24) which states: "We will bring with us into this new phase all the valuable work that has been done at this Conference. In those areas where we have reached a high level of convergence on texts, we undertake to maintain this convergence while working for an acceptable overall outcome." He said there was convergence between the Draft Ministerial Statement from Cancún and paragraph 35 of the Doha Ministerial Declaration on small economies and that he endorsed what the Chair had said about keeping up the work started in March 2002 in spite of the setback at the Cancún Ministerial Conference. He said participants had already tabled 17 proposals covering many different issues and that other proposals would probably be submitted. He suggested these proposals be considered and examined, analyzed and negotiated in the chronological order in which they had been submitted. However, he remained open to other suggestions. He added that the time had come to go into detail to see how these proposals - either as they stand or in amended form - could help participants address the economic vulnerabilities of small economies. He added that it would be helpful if the Dedicated Session could arrive at a consensus on the approach or road map to be adopted, especially in the face of the deadline of 1 January 2005 which, in his opinion, was still valid.

11. The representative of Canada said her delegation had always been supportive of the efforts of small states and economies to address their particular concerns and said her delegation had willingly engaged in discussions of the document WT/COMTD/SE/W/3. She said her government had encouraged creative solutions aimed at facilitating compliance with WTO rules and the integration of small economies into the multilateral trading system. She believed several of the proposals contained in the document worked toward that end and added that, in informal discussions, it had been apparent that there were some proposals which needed re-thinking by the proponents. She said it was her understanding before the Cancún Ministerial Conference that the proponents would re-think and possibly revise some of their proposals.

12. The representative of Mauritius said the revision of some of the proposals, both in substance and in form, had been discussed during the Fifth Dedicated Session but that that did not necessarily mean there was a commitment to revise them. He said it was his understanding that, in forthcoming substantive discussions, the various proposals would be discussed one after the other and that the process of re-thinking would take place at that time.

13. The representative of the United States said many hours of constructive discussions had taken place during the six months before the Ministerial Conference in Cancún and that much time had been spent discussing the proposals and examining the concerns they raised. She said an extensive, albeit informal discussion, of many of the ideas had already taken place. She said her delegation continued to be involved but was concerned about making progress.

14. The Chairman said it remained open as how best to bring forward the issues in the work programme and to do so as quickly as possible. He wondered if it would be possible for the authors of the document to re-examine each of the items contained in WT/COMTD/SE/W/3 in light of what had already been discussed in the earlier informal sessions. That might help further the process.

15. The representative of Mauritius said the concerns voiced by the representatives of Canada and the United States could be addressed if the proposals were examined one after the other. Those with an interest in the issues could revise their proposals which could then serve as the basis for future work in the next Dedicated Session.

16. The Chairman asked if it was acceptable to Members if the proponents were asked to review their proposals so that work could advance at the next Dedicated Session.

17. It was so agreed.

18. The representative of Barbados said he wished to thank Members for their willingness to engage further in the discussions. He said he supported the positions and process as was just agreed.

#### C. OTHER BUSINESS

19. The representative of Paraguay said he asked for the floor because this was the first Dedicated Session of the CTD to be held after the Fifth Ministerial Conference. He said he wanted to have the issue of specific concerns faced by land-locked developing countries included on the agenda of the next Dedicated Session since these countries were small and vulnerable economies. That would allow the issue to be given special consideration. He recalled the objective of paragraph 35 of the Doha Ministerial Declaration for a "fuller integration of small, vulnerable economies into the multilateral trading system, without creating a sub-category of WTO Members." He said Ministers of a group of land-locked countries had discussed their concerns at the 5<sup>th</sup> Ministerial Conference. He explained that that group was made up of WTO Members and others which were candidates for accession. The countries represented were: Afghanistan, Armenia, Azerbaijan, Bhutan, Bolivia, Botswana, Burkina Faso, Kazakhstan, Kyrgyz Republic, the Lao People's Democratic Republic, Malawi, Mali, Mongolia, the Kingdom of Nepal, Paraguay, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe. At the 5<sup>th</sup> Ministerial Conference Ministers had assessed paragraph 4 of the Draft Ministerial Statement WT/MIN(03)/W/24 and the outcome of the 1<sup>st</sup> International Ministerial Conference of Landlocked and Transit Countries, Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation. He said the United Nations Conference held at Almaty, Kazakhstan, on 28 and 29 August 2003 had recommended that the WTO consider the critical issues which could alleviate the difficulties currently faced by land-locked developing countries. He said those recommendations had been circulated in WT/MIN(03)/W/23 at the 5<sup>th</sup> Ministerial Conference and that he wished to have them discussed at the next Dedicated Session. He explained that issues related to land-locked developing countries had been raised at several past WTO Ministerial Conferences, including Singapore in 1996, Geneva in 1998 and at Doha in 2001. He added that it had been recognized that trade can be a driving force for development. It was for that reason, he said, that the group of land-locked developing countries - which had their own limitations and specific and serious concerns about integrating and reaping the benefits from the multilateral trading system - suggested that the work on small economies take into account all the trade issues that stand in the way of their development. He also said that international development organizations should strengthen their relationships with small economies.

20. The representative of Mongolia said he fully supported the statement made by the representative of Paraguay. He said Mongolia was one of the small and vulnerable economies of the WTO. Its geographical location and its isolation from world markets was a major obstacle to the development efforts by the Government of Mongolia. He said distance prevented the country from

more and fuller participation in international trade and that Mongolia, as a commodity exporter, was heavily dependent on reliable and efficient transit transport services. He said that high trade transaction costs were a major reason for the marginalization of land-locked developing countries and that transport costs were a key determinant of international competitiveness. His delegation found it necessary to address the issue of land-locked economies in the scope of the WTO negotiations so that the respective arrangements and agreements could incorporate the necessary provisions and provide land-locked countries with more preferential treatment. He said his Government welcomed further work on this issue and that special note should be taken of the communiqué of land-locked countries which had been agreed by their Ministers at the Cancún Ministerial Conference. It was an important step which followed the Almaty Conference of land-locked countries in August 2003. It called for addressing trade-related issues of land-locked and transit transportation countries within the scope of the WTO negotiations. He said the CTD in Dedicated Sessions on Small Economies could consider specific needs and concerns of land-locked Member countries to help them fully integrate into the multilateral trading system. He said his delegation was ready to closely collaborate with all Members for successfully reaching that goal.

21. The representative of Bolivia said he supported the interventions made by the representatives of Paraguay and Mongolia. He said he agreed with the outlined approach for the next Dedicated Session of the CTD in the context of the work programme on small economies. He said the approach was not directed at the creation of new categories of Members but rather to formulate responses to trade-related questions and factors which had an impact on the vulnerability of some Members as concerns their growth in trade and better integration into the multilateral trading system.

22. The representative of the United States said there was never a specific list of countries to which the work of the Dedicated Session was devoted. She said the work concerned any Member who could fit the definition of small and vulnerable and that her delegation was prepared to look at and examine the range of challenges such countries faced. She said the idea was not to create sub-groups within sub-groups and suggested that the Dedicated Session focus on concrete proposals and particular issues. Some of the issues such as high transportation costs applied similarly to both land-locked countries and island economies. She said she was not certain if there were unique characteristics associated with being land-locked or an island but that there might be other qualities and challenges that countries faced which might be common or somewhat different. She said it was up to the proponents to put forward particular issues they wished to have considered in the Dedicated Session. She said she never considered the agenda to be confined and that more information was needed than just a category of countries.

23. The representative of Argentina said he supported the proposal made in document WT/MIN(03)/W/23 by the delegation of Paraguay and other land-locked countries and said that the topic could be discussed at the next session.

24. The representative of Cuba said she could agree with the proposal made by the representative of Paraguay to identify a series of problems which were common to many countries within the scope of the work programme on small economies. She said that could facilitate the discussion and identify problems which affected these Members without creating a sub-category.

25. The representative of Chile said he shared some of the concerns expressed by the representative of the United States such as high transportation costs, especially since Chile was a geographically isolated country far from its export and import markets. He said those issues could be addressed at the next meeting of the Dedicated Session.

26. The representative of Switzerland said he approved discussing specific examples and problems of land-locked countries. He said his Government had participated in the recent Almaty Conference where a main item for discussion had been the importance of trade facilitation

where problems with trade can be even more important than tariffs in some cases. He said the Almaty Conference showed that land-locked countries in many cases were in the same category as least-developed countries and, in some cases, small economies. He asked what the significance was of that category in a WTO context and said that posed the same problems encountered in discussions on small economies. He said a main question to ask was what could be taken into account to further that work in the WTO and, if that question could not be answered and debated, then he wondered why the discussion was being pursued. He suggested looking at whether or not the specific needs of and conditions of small economies, of some of the land-locked countries and others from the vulnerable category were relevant for determining special and differential treatment in some cases. Members in Dedicated Session could then look at the possibility of having targeted differentiated treatment in specific cases and sectors. He said that could serve as the background for looking closer at those questions.

27. The representative of Barbados said work on small economies issues had given rise to a number of different issues even before the Doha Ministerial Conference. She recalled that at the 4<sup>th</sup> Ministerial Conference at Doha, a clear mandate had been established to move forward with the work programme. Since then, a variety of issues had been discussed and others raised. She said there was scope for re-visiting and discussing the issues which had been raised already or discussing variations of the same or new issues without changing the mandate contained in the Doha Ministerial Declaration.

28. The representative of Mauritius recalled that paragraph 35 of the Doha Ministerial Declaration stated that no sub-category of Members should be created and that Members had worked in the last year not to create a sub-category. He wondered if the joint proposal put forth by the delegation of Paraguay and others to create a sub-category was realistic. He recalled that paragraph four of document WT/COMTD/SE/W/1/Rev.1 listed nine characteristics which made economies particularly vulnerable, including small islands or land-locked countries. In paragraph five of the document, a number of implications were also listed. He said issues contained in the proposal made by the delegation of Paraguay had already been addressed in WT/COMTD/SE/W/1/Rev.1.

29. The representative of Paraguay said the objective was not to create a new sub-group of countries. He said the mandate received from Ministers at the Almaty Conference and at the WTO Ministerial in Cancún was to request that the element of land-locked countries be discussed at the WTO. However, he said, there were also other elements, aside those affecting land-locked countries, which could be discussed at the next meeting of the Dedicated Session.

30. The representative of the European Communities said the question of being land-locked was a potentially relevant factor in determining vulnerability as were other issues related to smallness. He recalled the Doha Ministerial Declaration's mandate. He said he understood others Members' views that elements such as geographical location, islands or simply geographical distance might also be relevant. He said those elements were relevant perhaps in conjunction with other factors which had nothing to do with geography and represented a combination of elements. He said Members could have a more focused discussion on questions related to the nature of being land-locked, but that such a discussion should focus on how being land-locked was a factor, or potential contribution to vulnerability. He said if the delegation of Paraguay and other delegations wished to have a more substantive discussion, it might be helpful if they thought about which issues they wished to include in a discussion paper which would help the Dedicated Session focus better on the issues identified. He said it was right to avoid focusing exclusively on land-locked countries when it was known that island economies might have particular concerns as well other Members with distant or difficult geographical locations.

31. The representative of Canada drew attention to document WT/COMTD/SE/W/5 which addressed trade and economic performance and the role of economic size. She referred to an analysis

of transport costs on page 27 of that document which showed that it is not the land-locked or the islands which had the highest transport costs but others. She said there were many other characteristics which could be examined, but a focus should be on those factors that were relevant to the WTO. She referred to the transaction costs paper and said that trade facilitation and transaction costs might be higher for these countries. She suggested that those could be the types of elements the Dedicated Session could look at in order to have a more focused discussion of what would be relevant to the WTO in particular and specifically relevant to the Dedicated Session on small economies.

32. The Chairman recalled that in its recommendation to the General Council, the CTD in Dedicated Session had agreed to continue moving forward with its work programme by looking further at the proposals contained in document WT/COMTD/SE/W/3 and by examining any additional proposals which Members might wish to submit. He said it was clear from the representative of Paraguay and other delegations that Members were not looking to create a new sub-category but that some had specific concerns which they wished to be covered sufficiently in the Work Programme of the CTD's Dedicated Session. He suggested that the delegations of Paraguay and other delegations sponsoring the paper WT/MIN(03)W/23 considered whether they wished to come up with specific proposals which were aimed at their specific concerns. He proposed that such proposals go beyond those contained in WT/COMTD/SE/W/3. He noted that a number of delegations had commented that small economies could have a wide range of differing geographical and economic circumstances and that those circumstances be examined, including the categories which the representative of Mauritius had mentioned in terms of the characteristics of small economies. He said it was open to any delegation to suggest any item on the agenda. He said it might be useful for the representative of Paraguay and other proponents of the paper on land-locked economies to look at the specific proposals they wished to have considered, along with the rest of the work programme, which the Dedicated session could then start to discuss at its next meeting.

33. The representative of Paraguay asked for clarification about what the Chairman was proposing for the next session of the CTD.

34. The Chairman said any Member had the right to request for an agenda item to be added on the agenda before the airgram announcing the next meeting was issued. He said that since the Dedicated Session would be looking at proposals received for solutions to problems faced by small economies, Members might wish also to include new proposals to address the problems which they had identified. That would help the Dedicated Session to move forward. He said it would be useful if the proponents of the paper on land-locked economies prepared specific proposals that they would like to have considered at the next meeting.

35. It was so agreed.

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