

**RECOMMENDATIONS OF THE ARAB MINISTERIAL MEETING IN PREPARATION
FOR THE FIFTH WTO MINISTERIAL CONFERENCE**

ESCWA, Beirut, 24-25 July 2003

Communication from Bahrain

The following communication, dated 8 August 2003, has been received from the Permanent Mission of Bahrain, with the request that it be circulated to Members.

At the initiative of the Secretariat of the Economic and Social Commission for Western Asia (ESCWA), Arab Ministers met at ESCWA headquarters (United Nations House) in Beirut on 24 and 25 July 2003 in preparation for the Fifth Ministerial Conference of the World Trade Organization (WTO), to be held in Cancún, Mexico from 10-14 September 2003, and deliberated on the issues to be discussed at the Fifth WTO Ministerial Conference in order to coordinate Arab positions.

Participants expressed:

- Concern about the lack of progress achieved in the negotiations since the Fourth WTO Ministerial Conference in Doha;
- Dissatisfaction that the developed countries had not fulfilled the commitments made in previous rounds of negotiations;
- Emphasis on the need for trade liberalization to support development objectives of the developing and least-developed countries; and
- Agreement that new issues should not be added to the negotiations agenda before implementation of pending issues under negotiation is finalized.

The Ministers therefore agreed that the Arab countries would coordinate their positions in order to enable them to present a vision that reflected their priorities and protected their interests, as follows:

Trade-Related Aspects of Intellectual Property Rights and Public Health

1. The need to conclude negotiations on paragraph 6 of the Doha Ministerial Declaration on TRIPS and Public Health prior to the Fifth WTO Ministerial Conference.

2. Article 31(f) of the TRIPS Agreement should be interpreted on the basis that the words “domestic market” which appear in this paragraph should include customs unions and free trade areas and should be interpreted to mean that up to 49.9% of production could be exported under compulsory licensing.

Agriculture

3. Coordination on the three principal elements of agriculture, namely: market access, exports subsidies and domestic support.

4. With regard to market access, the need to eliminate tariff escalation and tariff peaks in the developed countries and achieve balance in the programme of reform of trade in agricultural goods in developing countries through the exclusion of a number of strategic products, albeit within the narrowest limits in order not to affect trade between developing countries. In addition, support for the application of a special safeguard mechanism for the developing and least-developed countries according to the form proposed in Annex 2 of the Report of the Chairman of the Special Session of the Committee on Agriculture to the Trade Negotiations Committee. Moreover, the importance of expanding customs quotas, the elimination of tariff quotas, and improvement of tariff quota administration in a manner that achieves transparency, predictability, and ensure that quotas are fully utilized.

5. Support the elimination of all forms of export subsidies, provided that basic food products, as classified by the Food and Agriculture Organization (FAO), are excluded from the elimination. Agreement that conditions related to subsidized export credits should be subject to defined regulations according to the proposal made by the Chairman of the Negotiating Group in this regard. The granting of exceptions for exports to food importing developing countries and least-developed countries from the conditions applied to basic food products without extending these exceptions to all developing countries, so as not to constitute a barrier to trade, with emphasis on the provisions of paragraph 4 of Article 9 of the Agreement on Agriculture.

6. With regard to domestic support, the importance of the elimination of all forms of trade-distorting domestic support while maintaining special and differential treatment for the developing and least-developed countries in all relevant texts. In addition, the need to eliminate the blue box regarding support for limiting production, reduce support in the amber box with the aim of phasing it out for the developed but not the developing countries and, moreover, the need to set a ceiling on the subsidies offered by the green box to the developed countries. Support for the continued application of paragraph 2 of Article 6 on special and differential treatment for the developing and least-developed countries, and not to extend the application of the Peace Clause provided in the Agreement on Agriculture as this represents an unjust form of special and differential treatment in the interest of the developed countries.

Market Access for Non-Agricultural Products

7. Emphasis on the need to protect the principles of special and differential treatment and less than full reciprocity in accordance with the text of the Doha Declaration and, also, the provisions of article XXVIII *bis* of the General Agreement on Tariffs and Trade (GATT) 1994. With regard to the reduction formula, support the formula proposed by the Chairman of the Negotiating Group, provided that the developing countries should be permitted to use values and reduction coefficients other than those used by developed countries. With regard to sectoral initiatives, emphasis that these should be optional or that the developed countries should eliminate tariffs unilaterally as some of these products are of critical importance, particularly, with regard to the industrial base of the developing countries. The importance of a greater transparency by the Chairman of the Negotiating Group in raising new ideas, and the participation of the developing and least-developed countries in such discussions. With

regard to non-tariff barriers, there is a need to adopt a multilateral approach, with emphasis on the fact that the general principle is to deal with all non-tariff barriers in the framework of the Negotiating Group on Market Access for Non-Agricultural Products. With regard to environmental goods, the Committee on Trade and Environment should first provide a clear and specific definition of such goods so that a specific list of environmental goods can be drawn up as a basis for negotiations, provided that definitions of environmental goods are based on the final use of the goods rather than their uses at intermediate phases of production.

Trade in Services

8. Call on countries that have still not put forward their initial offers to do so as soon as possible and appeal to the developed countries to increase their offers regarding the service sectors of export priority for developing countries and, in particular, the fourth mode of supply regarding the movement of natural persons. The Arab countries are urged to present a proposal on the classification of energy services that would reflect their interests, importers and exporters alike, based on criteria related to both energy sources and phases of energy processing, in a way that does not affect ownership of energy sources and national sovereignty over them.

Implementation Issues

9. Emphasis on the need for the package of implementation issues to contain clear commercial value and include market access component, as well as the need for commitment to achieving this prior to the Fifth WTO Ministerial Conference as it will have a positive impact on other issues to be raised at the Conference.

Special and Differential Treatment

10. Emphasis on the importance of resolving special and differential treatment issues prior to the Fifth WTO Ministerial Conference as this will have a positive impact on other issues to be raised at the Conference, in addition to emphasis on non-discrimination between the developing countries with regard to special and differential treatment.

Trade-Related Aspects of Intellectual Property Rights

11. Appreciation for the efforts expended by the Council of TRIPS in order to establish a multilateral system of notification and registration of geographical indications provided for in Article 23 of the TRIPS Agreement, in addition to emphasis on the need to expand the level of protection mentioned in the said article to include other products of importance to the Arab countries. Support for the proposal concerning non-violation complaints of the Agreement, which recommends that this issue should not be subject to the provisions of Article XXIII of the GATT. Emphasis on the need to protect traditional knowledge and establish a mechanism for such protection within the framework of specialized organizations such as the World Intellectual Property Organization (WIPO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

WTO Rules

12. Emphasis on commitment to the Doha Ministerial Declaration with regard to the improvement and clarification of the current provisions of the Agreement on Subsidies and Countervailing Measures and the Anti-dumping Agreement without introducing substantial alterations or changes to the essence of these agreements, and ensure that the new proposals do not impose any additional financial, administrative or technical burden on the investigating authorities, so that the application of both agreements continues to be efficient and effective.

Trade and Environment

13. The need for a classification of environmental services in view of their impact on the services sector and, in particular, energy services. The need to study the issue of eco-labelling and its economic impact on industry in general and the oil industry in particular. The importance of linking the concern of the oil-producing countries with environmental considerations and their access to necessary technology. The annulations of discriminatory measures adopted against fossil fuels in general and oil in particular, and revision of the taxation structure in the developed countries on fuel types. Support for the proposals submitted by Qatar and Saudi Arabia with regard to tariff and non-tariff barriers on goods and environmental services related to energy.

Singapore Issues

14. The need to address each of the four Singapore issues separately, in view of the fact that discussion of each one of these issues is at a different stage and of importance to the development process in the developing and least-developed countries. Negotiations should start on each of the Singapore issues, in conformity with the Doha Declaration, on the basis of clear and objective modalities of negotiations, in the same manner as all other negotiations within the Doha programme are conducted. These issues should not be included in the current round of multilateral trade negotiations, which are weighed down by numerous issues, unless through clear and explicit consensus on the modalities of negotiation. The importance of providing special flexibility for the developing countries in order to safeguard their capacity to deal with their own development needs (policy space).

15. The importance of not subjecting Singapore issues to WTO dispute settlement procedures and the need to insert clear and binding provisions on special and differential treatment for the developing and least-developed countries and provide them with technical and financial support through international and regional organizations and donors, as well as the importance of coordination between the international and regional organizations concerned.

Accession to WTO

16. With regard to the Arab countries negotiating accession to WTO, the process of accession should be expeditiously completed without being subject to additional commitments beyond the provisions of the Uruguay Round Agreements, and taking into consideration Article XX of the GATT on the protection of public morals. The draft Ministerial text for Cancún should have the binding character of the decision issued by the WTO General Council dated 10 December 2002 regarding the accession of the least-developed countries. The support for the Dhaka Declaration on the least-developed countries.

17. Emphasis on the provisions of paragraph 9 of the Doha Ministerial Declaration with regard to the need to take into consideration, firstly, the commitments made by some recently acceded countries, upon their accession and, secondly, the offers that countries in the process of accession will submit during negotiations.

18. Reaffirm the importance of the accession of the League of Arab States and the Organization of Petroleum Exporting Countries (OPEC) to WTO as observers prior to the Fifth WTO Ministerial Conference. Support by the Arab WTO Members for the rapid inclusion of the requests of the Arab countries seeking WTO membership, swift formation of working groups on the accession of these countries and encouragement of non-Arab WTO members to cooperate in this regard and expend similar efforts.

Cooperation and Capacity-Building

19. The need to coordinate the technical assistance provided by international and regional organizations and donor countries and, in particular, ESCWA, the United Nations Committee on Trade and Development (UNCTAD) and WTO, in a manner that will serve capacity-building in the Arab countries, consistent with their actual needs.

20. Appreciation for the establishment of the Arab Group in WTO pursuant to the outcome of the second consultative meeting of the Arab Ministers of Trade, Finance and Economy, held in Kuwait in March 2001. Emphasis on the need for this Group to continue its work and intensify its efforts to serve the interests of the Arab countries, and the importance the Secretariat of the WTO to provide required technical assistance and information to the Arab Group.
