

Attachment to the Pakistan Mission to the WTO

**A Report
by
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INTRODUCTION

Three officers, namely Mr. Ghulam Sarwar Brohi, Director General, Shahid Latif Khan and Khalid Hidayat Khan, both Directors of Trade Development Authority of Pakistan were deputed by Ministry of Commerce for attachment with the WTO Mission, Geneva for two weeks w.e.f. 8-22 July 2007. The purpose of this attachment was to provide an opportunity to the officers to closely study and experience the working of the Mission and gain an understanding and knowledge about WTO issues and ongoing negotiations by attending the meetings of various WTO bodies including the Negotiating Groups.

2. The officers paid a courtesy call on H.E. Ambassador of Pakistan, Dr. Manzoor Ahmad on 9th July 2007. The Ambassador, while welcoming the officers, briefed them on the working of the Mission. On his instructions, Mission had chalked out a comprehensive programme of briefings and meetings for the visiting officers. In addition, in separate meetings, the officers of the Mission also briefed them about their respective spheres of assignment and areas of work. During the two-week attachment, the officers attended meetings of various WTO bodies including the Negotiating Group on Trade Facilitation, Dispute Settlement Body (DSB), Trade Policy Review of Bahrain, Council for Trade in Goods (CTG), Special Session of Committee on Trade & Development (CTDSS), Committee on Trade and Development on Aid for Trade, and Council for Trade in Services (CTS)etc.

3. Subject specific briefings provided by officers of the Mission and attendance at meetings in WTO were found to be useful and informative. These not only helped the officers to develop a better understanding of the issues being negotiated in Non-Agricultural Market Access (NAMA), Agriculture, Trade Facilitation and Dispute Settlement but also facilitated an appreciation of the Members' position in general and Pakistan's stance, in particular, on various issues.

Meetings Attended:

COUNCIL FOR TRADE IN GOODS (CTG)

4. Attended the meeting of Council for Trade in Goods on 9th July 2007 in which the Chairman informed Members of the recently notified agreements to the Regional Trade Agreement (RTA) Committee. These included the Agreements between India and Singapore, and between Chile and China; the Trans-Pacific Strategic Economic Partnership, and the South African Customs Union.

5. The CTG agreed on the adoption of two draft waiver decisions concerning the United States request for an extension of the waiver for the Former Trust Territory of the Pacific Islands. This related to an agreement with Argentina (which was blocking the waiver because of systemic concerns that certain safeguard language was not included in the draft decision) the United States stated that it viewed this waiver as quite unique as it dated back to a UN agreement of 1948 under which the United States was to take over administration of these Islands from Japan.

6. The second waiver decision concerned Mongolia which had requested for a waiver from its accession commitments to phase out the export duties on raw cashmere. Mongolia stated that it needed to extend these export duties because of its fledgling cashmere processing industry which would be destroyed in the face of strong import demand from China for Mongolian cashmere. The United

States, India, Bolivia, Turkey, and Paraguay supported Mongolia's request. China also showed flexibility and did not block adoption of the waiver.

7. Both waiver decisions will be forwarded to the General Council for adoption.

8. Senegal introduced a request for an extension of its waiver for the application of minimum customs values which expired on 30 June 2007. This request was not expected and, while no Member took the floor, it is clear that extensive consultations will be necessary between Senegal and concerned Members before this matter will move further in the Council. It was agreed to revert to this matter at the next meeting.

9. Discussion also continued on Turkey's communication in March 2007 (G/C/W/573 and Corr.1), which contained a draft outline for the work programme Turkey has proposed that the CTG should undertake a workprogramme/study on the implication of the termination of ATC on the textile sector. China's stance against a work programme was supported by Hong Kong, China; India; Pakistan; Thailand and Vietnam. Several other Members supported the work programme and the outline presented by Turkey. These included Dominican Republic, Egypt, El Salvador, Honduras, Japan, Jordan, Mexico, Morocco, Tunisia, and the United States. Argentina proposed, in order to get out of the deadlock, that instead of the study as proposed by Turkey, at least at this stage, it could be useful if Turkey or some other Members could present, or even the Secretariat compile, studies already prepared by other organizations.

COMMITTEE ON TRADE AND DEVELOPMENT – Session on Aid for Trade

10. The Aid for Trade meeting under the CTD, held on 9th July focused on "trends in trade-related infrastructure investments". The thematic discussion took place on infrastructure – and its impact on trade, productivity and "connectivity.

The speakers enhanced awareness of infrastructure's key role in supporting trade growth.

11. The World Bank's presentation painted a picture of dramatically declining infrastructure spending in the 1990s and early 2000s – which goes a long way to explaining the current deficits in much of Asia, Africa and Latin America. This decline was seen not just in Official Development Assistance (ODA) which accounts for less than 10% of infrastructure spending. One possible explanation for the decline was the mistaken belief among 1990s policy makers that private investors would quickly fill the infrastructure vacuum left by cash-strapped governments intent on privatization – something that has, so far, not fully materialized.

12. The point was also made that policies – promoting a pro-competitive environment and universality of access – were important to infrastructure's impact on trade and productivity growth. The World Bank also stressed that it remains one of the major players in the infrastructure game – both because of its financial resources and its technical expertise.

13. The OECD also provided an overview of infrastructure spending trends. It stated that Asia remains the major destination for ODA infrastructure funding. Japan is the major bilateral infrastructure donor in that region. The Japanese presenter provided a snapshot of Vietnam's infrastructure intensive development strategy, and how Japan has assisted. He also hinted at Japan's growing strategic interest in Africa. However, Japan's tentative steps in Africa have been clearly overshadowed by China.

SPECIAL SESSION OF THE COMMITTEE ON TRADE AND DEVELOPMENT

14. In the Special Session of the Committee on Trade and Development on 11 July 2007 Members engaged in text-based discussions on four of the seven S&D Agreement-specific proposals. These include one proposal on Article XVIII

of the GATT, two proposals on Article 10.3 of the SPS Agreement and one proposal on Article 10.2 of the SPS Agreement.

15. The Chairman also briefed Members on the status of Duty Free Quota Free (DFQF) market access decision taken by Ministers at the Hong Kong Ministerial Conference. Members were given an opportunity to provide an update of the internal processes they are currently undertaking to implement the decision, as well as provide information on any consultations that they may have held. At the last meeting, the LDCs had mentioned that capital-based experts were coming to Geneva to meet the other stakeholders to discuss all remaining issues related to the DFQF market access decision, in particular the rules of origin issue. Lesotho, on behalf of the LDCs, informed Members that while the LDCs had hoped to discuss issues of product coverage and rules of origin with the stakeholders, they had not been successful in organizing meetings with the experts from the other stakeholders. The LDCs reiterated the importance of ensuring effective implementation of the decision and expressed their disappointment at the fact that only one Member (EC) had provided substantive feedback on their two submissions on market access and rules of origin tabled last year. The LDCs again reiterated that, in their view, the Special Session was the appropriate forum to negotiate issues related to the DFQF decision and urged the Chairman of the Special Session to continue to initiate engagement among the stakeholders.

16. Members also discussed the possible elements of a Monitoring Mechanism continued on the basis of the paper put forward by the Chairman. In response to an earlier request, the Secretariat will be seeking information from the various WTO bodies on monitoring mechanisms or processes that are currently in place or that have been proposed.

COUNCIL FOR TRADE IN SERVICES

17. In the Special Session of the Council for Trade in Services held on 13 July the Chairman briefed Members on his consultations he had held at ambassadorial level.

18. Under the agenda item "Review of Progress", Members reiterated their positions in the services negotiations, calling for a meaningful and ambitious outcome. US and the EC took the view that, in the final services offers: the levels of ambition in services be commensurate with those in agriculture and NAMA. They argued that the gap between existing commitments and current market access be reduced and new market access opportunities be provided, particularly in key infrastructure services sectors. There was little discussion of the services elements of a multilateral breakthrough text.

19. Developing Members (mainly Brazil, India, ASEAN Member States, Pakistan, and South Africa), stated that the services negotiations should proceed on the basis of Annex C of the Hong Kong Ministerial Declaration, and that the services outcome should be balanced, including sectors and modes of supply of interest to developing countries.

20. Also attended the meeting hosted by Mexican delegation on "middle ground" paper in the NAMA negotiations. The meeting was also attended by Costa Rica, Chile, Thailand, Malaysia, Columbia, Ecuador, Singapore and Hong Kong. This group has introduced a "middle ground" paper with a view to bridge the gap between divergent positions taken by Members in the negotiations and to facilitate consensus on core modalities . The paper proposes core modalities of NAMA:

- (i) Coefficient for developed countries should be lower than 10 and for developing countries in the range of super teens and lower twenties;
- (ii) The members in Bracket in paras 8 for the flexibilities for developing countries be stabilized
- (iii) Mark up for unbound tariff should be between 20-30

21. Pakistan referred to its NAMA proposal and urged the group Members to put pressure on developed countries to bring their coefficient much below 10 ----- in the vicinity of 5/7.

22. To the extent of flexibilities and mark-up for unbound Pakistan showed its willingness to go along the consensus.

23. Also attended the meeting of the Negotiating Group on Trade Facilitation on 16th July 2007 in which Turkey tabled a document (TN/TF/W/120/Rev.1). In addition, Turkey and Georgia introduced a joint proposal contained in documents (TN/TF/N/146).

24. Turkey had revised its initial proposal contained in document (TN/TF/W/45) and supported the concept of advance ruling in the final outcome. In Turkey's view advance ruling was a proven effective tool of trade facilitation as it ensured certainty and predictability. Trade flows can only remain uninterrupted if the regime was transparent. Textual proposal requires an advance ruling on tariff and an advance ruling on origin which means a binding official decision providing the applicant with a tariff classification accorded to a particular good and providing an assessment to the applicant of the origin assigned to a particular good within a specified period. Canada, EC and India, among others, supported the proposal and suggested that a similar proposal by US, Australia and Canada was already on the table. Both these proposals can be jointly considered by Members.

25. A US communication - revised text - on expedited shipments was also made available to the Members. The textual proposal contained procedure for expedited shipment and definition of different terms used in the earlier submission. Many countries including Egypt, Ecuador, Nepal, Pakistan, Zimbabwe and others expressed their reservations with regard to the proposed time scale of one hour for clearance of good and exemption of duties on minimum value of shipment of US\$ 200 or less for various reasons including procedural formalities and revenue considerations. Each

country's specific working condition, capacity and availability of resources limited their ability to undertake such a commitment.

26. Attended a meeting of the Trade Policy Review Body (TPRB) on 18 July in which the Members reviewed the trade policy of the Kingdom of Bahrain. Members generally commended the open and WTO compliant trade regime of the Bahrain. However, some Members did encourage Bahrain to further reduce its tariffs and bring their procurement regime in conformity with WTO obligations.

27. The officers of the TDAP wish to put on record their appreciations for the warm hospitality extended by the officers and staff of the Pakistan Mission to the WTO.