

# **Outcome of the 10<sup>th</sup> WTO Ministerial Conference held in Nairobi, Kenya from 15 to 19 December 2015**

**Presentation to the Parliamentary Portfolio Committee on Trade and Industry**

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# The Doha Development Agenda: Original Objectives

- “To place interests of developing countries at heart of the work programme...”.
- Reform in agriculture: improved market access, reductions in subsidies and elimination of export competition.
- Enhanced exports of products of interest to developing countries.
- Policy space for developing countries, notably through effective Special and Differential Treatment (S&D) provisions in favour of developing countries.

# Impasse in DDA Negotiations

- Over the course of negotiations, developmental content of DDA has steadily been eroded.
- Developing countries played a key role in working towards a credible outcome in agriculture, but the anticipated ambition for agricultural reform was moderate.
- By contrast, demands were made that would require developing countries to take steep cuts in their industrial tariffs with negative impact on their industrial development and employment objectives.
- Impact on SA/SACU particularly harsh.
- Negotiations reached an impasse in 2008.

# Impasse in DDA Negotiations cont.

- Developed countries demanding that emerging economies offer greater concessions; raise concerns about consensus decision-making in the organization and the single undertaking.
- Although emerging economies have increasing share of world GDP and trade, these countries still face serious development challenges.
- The major implication of the impasse has been a “move away” from multilateral negotiations by some major economies and launching of mega-regional negotiations
- Rise of “plurilateral negotiations” among a few members in the WTO.
- Emerging economies and African countries generally not part of these processes.

# Ninth Ministerial Conference in Bali - Dec 2013

- Despite difficulties in the DDA negotiations, MC9 delivered a DDA outcome: the Trade Facilitation Agreement.
- South Africa was among countries concerned that the outcome lacked balance.
- Issues of importance to developing countries like agricultural export subsidies, DFQF market access for LDCs, special and differential treatment in favour of developing countries were crafted in best endeavor language.

# Post -Bali Work Programme

- Engagement on remaining DDA issues resumed in January 2015 as agreed at MC9.
- Call for a „recalibration“ of ambition, „realism“ and „do-ability to conclude a Work Program by July 2015.
- Appeared as a reasonable attempt to overcome obstacles in the DDA.
- However, in practice, recalibration appeared as pretext to overturn existing mandates and further dilute development content of the DDA.
- Inability to overcome divergences meant that no agreement could be reached on a Post-Bali Work Programme as agreed in MC9.

# Process to MC 10- Future of DDA

- It was clear from the discussion in Geneva before MC10 that the main issue of contention in Nairobi will be the future of the DDA.
- This proved to be the case and this discussion framed the negotiations on the other issues on the table.
- Some Developed Countries insisted that the outstanding negotiation issues can't be solved within the DDA Framework while most Developing Countries, including South Africa, insisted on the reconfirmation of the DDA principles and mandates.
- A number of Developed Countries also raised the need to include new issues in the negotiations but didn't elaborate on what these new issues should be.

# Tenth Ministerial Conference in Nairobi – December 2015

- MC10 held in Nairobi from 15 to 19 December 2015.
- First WTO Conference held in Africa.
- South African delegation to MC10 was led by the Minister of Trade and Industry and included representatives from Parliament, Labour, Business, NEDLAC, DTI, DIRCO and DAFF.
- The delegation engaged actively in the overall negotiating process including through the Africa Group, ACP, G90 and BRICS.

# Ministerial Declaration

- No agreement could be reached on the future of the DDA.
- As a compromise, the Ministerial Declaration recognizes that while many Countries are committed to conclude the Round on the basis of its development principles and mandates, some countries believe new approaches are required.
- The Nairobi Declaration therefore preserves the positions of all WTO Members and offers a basis for further engagement to advance the negotiations in future, taking all views into account.
- A similar approach was taken in the Declaration on the question of whether or not new issues should be introduced into the negotiations.

# Ministerial Declaration cont.

- It is important to note that the Nairobi Declaration also confirms the strong commitment by all WTO Members to advance negotiations on the remaining Doha issues, including in all three pillars of agriculture, namely domestic support, market access and export competition.
- Includes commitment to strengthen the multilateral trading system and reaffirmed the WTO as the main forum to negotiate multilateral trade rules.
- The Declaration further maintains the centrality of development in the negotiations and reaffirm that provisions for special and differential treatment shall remain integral to the process.
- The Declaration also contained a number of decisions by Ministers on Agriculture, Cotton and LDC issues.



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# Decisions on Agriculture

- Special Safeguard Mechanism for Developed Country Members (SSM) – No agreement was reached on a SSM but Ministers decided that negotiations on this issue will be pursued in dedicated sessions of the Committee on Agriculture in Special Session.
- Public Stockholding for Food Security Purposes – Ministers decided that negotiations to find a permanent solution will be pursued in dedicated sessions of the Committee on Agriculture in Special Session.

# Decisions on Agriculture cont.

## Export Competition:

- **Export Subsidies** - Elimination of export subsidies by developed countries with immediate effect, but with certain exceptions granted to export subsidies on dairy products and beef until 2020. Elimination of export subsidies by developing countries by 2018 with certain exceptions for those subsidies contained in the last three export subsidy notifications to WTO until 2022.
- **Export Credits, Export Credit Guarantees or Insurance Programmes** - maximum repayment term for export credits was fixed at 18 months.

# Decisions on Agriculture cont.

## Export Competition (cont.):

- **Agricultural Exporting State Trading Enterprises** - can't operate in such a way that effectively subsidises exports.
- **International Food Aid** – Some disciplines agreed that seek to minimize the commercial displacement of domestic and regional production by food aid in recipient countries. South Africa, on behalf of the Africa Group, negotiated this text with the USA.

## Cotton

- New export competition rules extended to cotton exports, but no agreement reached to reduce domestic support.

# Decisions on LDC issues

- Two decisions were taken in respect of LDCs.
- (1) Preferential Rules of Origin for Least-Developed Countries - best endeavor undertakings to ease access of LDC exports to preference granting economies.
- (2) Implementation of Preferential Treatment in Favour of Services and Service Suppliers of Least Developed Countries and Increasing LDC Participation in Services - extend the multilateral waiver for preferences to LDC services exports to 2030.

# No agreement on S&D and Rules

- Although there were a number of negotiations sessions in Nairobi on the G90 proposals to strengthen and clarify provisions on special and differential treatment for developing countries no agreement could be reached due to continued opposition by developed countries.
- No agreement reached on ACP proposals to fast track negotiations to eliminate subsidies that contribute to the depletion of global fish stocks.
- South Africa and other Members successfully opposed proposals on anti-dumping and subsidies that would make it more difficult to address unfair trade.

# Trade Related Aspects of Intellectual Property Rights (TRIPS)

- The Agreement on TRIPS is an international agreement administered by the WTO.
- Protocol Amending the TRIPS Agreement to provide for flexibilities for public health adopted in WTO and opened for acceptance.
- Parliament ratified the Protocol Amending the TRIPS Agreement in December 2015.
- South Africa's Instruments of Acceptance of the Protocol deposited with the WTO Secretariat in February 2016.
- Protocol will enter into force once accepted by 108 WTO Members – 93 Members, including South Africa, accepted to date.

# Conclusion

- Some positive outcomes at MC10.
- Discussions about the basis on which the negotiations should proceed must now be addressed in Geneva.
- South Africa must continue to strengthen alliances with like-minded developing countries to ensure that the core developmental principles and mandates continue to shape the negotiations and outcomes in the WTO.



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