

South Asia in the WTO

International Conference in Colombo, May 18-19, 2006

The Institute of Policy Studies (IPS) of Sri Lanka with Friedrich Ebert Stiftung (FES), Colombo organized an International Conference on “South Asia in the WTO” in Colombo, Sri Lanka from the 18th-19th May, 2006. The primary objective of the conference was to analyze the negotiating positions of individual South Asian countries on the various issues of the July Framework Agreement in the aftermath of the WTO Ministerial in Hong Kong and identify areas where common positions are emerging and areas where there are divergences of interest. Eight sessions were constructed with this objective in mind, with the first seven sessions focusing on each country’s negotiation position at the WTO as well as the negotiation capacity for participating in the negotiations and the final session providing a discussion to the participants on the South Asian position in the WTO. The conference analyzed each country’s latest position on key issues namely; agriculture, non-agricultural market access (NAMA), services, development issues, and rules (including trade facilitation) based on presentations, discussions and papers submitted by identified resource persons from India, Nepal, Bangladesh, Pakistan, Bhutan, the Maldives and Sri Lanka. Also, the conference on “South Asia in the WTO” provided an open forum for discussion and debate to a wider audience of policymakers, researchers, private sector participants and civil society organizations, enhancing trade policy capacity building in the region.

The public seminars and conferences, which are organized to take into consideration the WTO issues are in general looked at from an issue-based perspective and the issues analyzed through the WTO perspective to respective countries. Yet, the present conference on “South Asia in the WTO” took a different approach, which focused each country’s negotiation position on issues in regard to the WTO taking into account capacity and institutional constraints and therefore identified issues that are crucial for each country. Given the fact that the negotiation strengths differ across the region, more important is the individual participation of South Asian countries in following and participating in the negotiations in the context of the Doha Round. Therefore the focus of the conference, was on taking each country’s negotiating position and assessing its WTO participation against the background of national trade policy capacity. Some of the broader concerns that emerged and were debated at the conference are as follows.

As highlighted in country papers presented at the conference, all the six WTO members of the South Asia Region have realized that the Doha Development Agenda (DDA) offers tremendous prospects for them to achieve their objectives of sustainable development and poverty reduction and therefore all of them have a high stake on the successful completion of DDA. Most of the South Asian countries have made some progress in easing restrictions on trade by addressing trade protective measures through the implementation of structural reform programmes. As far as presentations and discussions were concerned, it was obvious that all countries in the region attach greater importance to protect the agriculture sector, given that agriculture continues to be the principal source of livelihood for the vast majority of people in most South Asian countries, even though

the contribution of the agriculture sector has been in decline in some countries. LDCs and small developing countries emphasized that proposals known as Special Products (SPs) and Special Safeguard Mechanism (SSM) based on criteria of food security, livelihood security and rural development needs should find its due place in the final package on agriculture. On NAMA, countries attach their highest priority to reduction or elimination of market access barriers such as high tariffs and non-tariff barriers in the key external markets in developed countries while they call for flexible policy space that fully takes into account each country's developmental goals. The primary focus of most South Asian countries in services negotiations is to pursue progress in developed countries' commitments in Mode 4 (Movement of Natural Persons), where these countries have comparative advantages in exporting labour. Besides, all the seven countries emphasized the importance of insisting that developed countries take account of the Special and Differential (S&D) provisions and readdressing the implementation issues, which have been accorded very high priority under the Doha Declaration. However, South Asia faces formidable challenges in actually being able and having the capacity to contribute to the actual negotiations. According to the papers presented by most South Asian members, it was clear that capacity constraints in South Asia to participate in the negotiations consist of common factors such as inadequate legal provisions and its limited capacity in liberalization and regulatory reforms, inadequate skilled manpower, restrictions on infrastructure, administrative problems, widespread bureaucratic practices and lack of coordination among and between countries in the region.

Regional groupings have increasingly become important forums through which collective positions can be arrived at to strengthen the negotiating positions of individual countries. The efforts undertaken by South Asian countries in this regard have also been reflected at some of the previous Ministerial Meetings. At the final session of the conference, which focused on the South Asian position in the WTO, concerns were raised by some members about the importance of pursuing a common position while some debated on whether there is still room for the region to formulate a common position at the regional level. Countries highlighted that the attempts to pose a collective position at the regional level, in recent times less than a decade ago, have become largely unsuccessful due to a number of obstacles. Foremost is the diversity of the region, which comprises of two large developing countries (India and Pakistan), four least developed countries (Bangladesh, Bhutan, Maldives and Nepal) – two of which are land-locked (Bhutan and Nepal) – and a small developing country (Sri Lanka). For instance, while larger economies like India and Pakistan are in a position to make reciprocal commitments, LDCs like Bangladesh, the Maldives and Nepal hope to benefit from S&D provisions. In addition, LDCs' concerns such as rules related to accession, implementation issues in regard to S&D treatment, concerns of Net Food Importing Countries may not have the same priority for some of other members of the developing countries group. As a result, national development priorities reflect many differences. In addition, regional politics have also sometimes acted against achieving a common position. Despite these problems, it was highlighted at the conference that formulating a common position based on an issue-based approach is extremely important for South Asian countries in the Doha Round to minimize losses and to maximize gains from negotiations. Therefore, it might be in the regional interest to have common positions on agreeable issues under agriculture, NAMA, services and

development issues and rules to add bargaining strength to individual negotiating positions by joining a group.