

Statement of the NAMA 11 to the NGMA – 25 July 2007

Mr Chairman, the hallmark of a good text is one that has the potential to build genuine engagement, negotiation and ultimately consensus. Mr Chairman, from the point of view of the NAMA 11, and the majority of developing countries in the WTO, this text does not meet this objective. It is unusual for the introduction of the a chairs text to become the main critique of the text but in this case the introduction reveals the underlying conceptual bases of the proposals made by the chair in the main draft text and thus in critiquing the introduction we are also critiquing the main proposals in the draft text.

Mr Chairman, as the statements of the Africa Group, the LDCs and ACP.and .. have stated already, we are deeply concerned that the Chairs NAMA text suffers from some basic flaws that will need to be addressed:

First, the draft text prejudices the outcome of the NAMA negotiations before members have had an opportunity to negotiate these outcomes in the multilateral process. This is in sharp contrast with the agriculture draft text where members positions are substantially preserved allowing them significant scope to negotiate further.

- Paragraph 1 says that the text seeks to *prompt real negotiation*. However, the ranges in the brackets for developing countries that have to apply the formula *precludes any real negotiation* as the range is narrow and excludes the positions of the NAMA 11 group. Paragraph 3 goes on to state that the intention of the text is to propose specific outcomes. However, this approach does not facilitate engagement. It has largely excluded the positions of the NAMA 11. It is in sharp contrast to the approach taken by the agriculture chair who has largely accommodated the concerns of different members, in the text, to facilitate the negotiations.
- In addition, paragraph 15 the draft text proposes to limit the use of Paragraph 8 flexibilities to that already provided in the brackets and thus excludes the proposals of the NAMA 11 for these flexibilities to be negotiated upwards.
- Similarly, on the mark-up for unbound the chairs formulation seeks to close the opportunity for further negotiation.

Second, the draft text changes what has become the principle of the Doha Round, that Agriculture should lead the ambition of the Doha Round, with the Developed countries making the greatest reforms in their trade distorting policies. Instead the draft text makes developing countries pay first in the NAMA negotiations and requires them to make severe cuts in their industrial tariffs.

- In Paragraph 9, the text states that whilst the level of ambition in Agriculture may be low, and concedes that this is “a moving target”, the chair advises members who have an interest in a high ambition in Agriculture to strive for this in Agriculture and not lower the ambition of NAMA. This is a tall order! However, the chair thus unilaterally has changed one of the cornerstones of the development mandate, namely, that Agriculture is central to the Doha Round, and should lead

the ambition of the round, and that the developed countries should make the greatest contribution by reforming their trade distorting agricultural policies. Instead the text has proposed that it is the developing countries that should lead the level of ambition and pay first with the hope that the developed countries will reciprocate in their agricultural offers.

- Indeed it is this logic that has created an enormous asymmetry between the two texts. In addition, the draft NAMA text is an almost complete set of draft modalities proposed by the chair, the agriculture text has not even been able to elaborate detailed modalities on several important issues that are of interest to developing countries.

Third, the draft text seeks to re-interpret the mandates of the Doha round, that has called for less than full reciprocity in reduction commitments by developing countries, by asking developing countries to contribute disproportionately, compared to the contributions requested from developed countries.

- In paragraph 6 the chair admits that it is difficult for the chairman to assess with confidence whether LTFR has been achieved but nevertheless goes on in paragraph 8 to state that he is “confident” that his proposed modalities satisfies the requirement for less than full reciprocity in reduction commitments. The NAMA 11 has demonstrated in several submissions to the NGMA that at least a 25 point difference in the coefficients of developed and developing countries will be required to meet the mandate of LTFR. Instead the chair's paper has reduced this spread by about half 25 pts and has only offered a reduction of 1 or 2 points for the developed country coefficient. Therefore the imbalance in the contributions between developed and developing countries will be considerably exacerbated, turning the concept of LTFR on its head and thus making the developing countries the major contributors of the Round.

Fourth, whilst we agree with the chair's assertion that all must contribute, the draft text has called for contributions by developing countries that is not consistent with their development needs and levels of development.

- Indeed it is the logic of the need to satisfy the commercial interests of the developed countries, rather than the development objectives of the Doha round that permeates the chair's text. Paragraph 4 of the draft text states that the text has not shied away from making real contributions and in paragraph 12 the chair says that his starting point is the end point (a la Stephen Covey). The end point, the chair decides, is to reduce the bound rates of members and to increase their bindings. It is this emphasis, that has neglected to provide a balance with the development objectives of the Doha Round and the NAMA mandates, that developing countries have objected to in their statements.
- The NAMA 11 is concerned that the proposals in the draft text for paragraph 6 countries in paragraph 26, 27 and 28 of the text is too onerous and not consistent with the development needs of these countries.

- Similarly, the proposed target averages for the SVEs is disproportionate and not consistent with their levels of development.

Fifth, the draft text has also undermined an agreement reached at the Hong Kong ministerial meeting to ensure that the level of ambition of the NAMA negotiations shall be comparable to that in agriculture.

- The chair concedes in his text that members have not been able to agree on a methodology for comparing or measuring the balance in the level of ambition in NAMA with Agriculture, and that he could not decide this balance for members. However, he goes on to state that members should “focus their efforts on improving ambition elsewhere, rather than reducing it for all in NAMA”. In other words, developing countries should first make onerous commitments to make drastic tariff reductions even before developed countries have agreed to fulfill their obligations to reduce their trade distorting subsidies and open their markets in Agriculture. This is not only unfair and but a negation of the Hong Kong mandate which requires that the level of ambition in NAMA should be comparable to the level of ambition in Agriculture.
- Yesterday we heard the statements and reactions of the developed countries to the chairs Agriculture text. The position of the United States on OTDS is still not clear, even on the ranges proposed by the agriculture chair. Even on Cotton, the USA is not willing to accept the Chairs formulation on the legitimate requests of the Cotton 4. The EU response to the chairs text on Market Access for developed countries makes even more unclear what the Market Access contributions of the Developed countries are likely to be. You have to be a gambler with a lot of money to spare, to bet on the outcome of the level of ambition in the agriculture negotiations. Mr chairman, we are not gamblers. We represent millions of people in developing countries who have high hopes for a development outcome in this round and cannot afford to allow an unfair and disproportionate outcome in the round to create massive unemployment and de-industrialization in our countries.

Sixth, the draft text makes loose claims about reflecting the majority view when this is clearly not the case.

- In paragraph 15, 16, and 26 the chair claims to take positions and make proposals in line with the views of a clear majority. The Statements of the Africa Group, ACP and LDCs has demonstrated the fallacy of this argument.
- The text also suggests that some of us have taken a north-south approach in the NAMA negotiations. A bit of history is instructive here. The NAMA 11 was created after the developed countries closed ranks on the formula in October 2005 and proposed an unfair outcome that would have required developing countries to cut their average tariffs by 65-70 percent whilst the developed countries only cut their average tariffs by 25 percent (Swiss 10 for developed and Swiss 15 developing countries). Developed countries have chosen to close ranks. We challenge developed countries to express different views on the formula. However, we should all be aware that the needs of developing countries are

different. Their needs have been largely ignored by the trading system for more than 50 years. This is why the mandate refers to the needs and interests of developing countries that have to be addressed in this Round. We cannot so easily forget the promise made in Doha by all WTO members to make this round a development round.

The above flaws in the draft text must be corrected to secure a fair, balanced and development oriented outcome in the Doha round. This can be achieved through a genuine bottom-up and inclusive process that allows for genuine negotiation and engagement in September to address these flaws.

We the NAMA 11 Group of the Developing country members of the WTO are committed to contributing to the Doha round and to securing a successful outcome. We seek to raise the trust and confidence of members in the multilateral process and to strengthen it.