

*(Final Version)*

**Informal Ministerial Meeting, Dalian 12-13 July 2005**

**Co-chairs' Summary**

Ministers meeting in Dalian, China five months before the 6<sup>th</sup> Ministerial Conference, reaffirmed our commitment to a successful conclusion of the Doha Development Agenda negotiations in 2006.

We welcomed the strong backing for the DDA negotiations given by the recent meeting of the G8 and by other international meetings. We emphasized the need to capitalize on this added impetus. We reiterated our firm conviction that trade is an engine of growth and that successful conclusion of an ambitious and balanced multilateral package of trade liberalizing measures is vital to the welfare of developed and developing economies alike. We will work to further increase momentum towards our goal of a successful conclusion of the DDA negotiations by the end of 2006, our highest common priority in trade policy for the year ahead.

We took note of an oral status report provided by the Chairman of the Trade Negotiations Committee. We noted with grave concern his clearly expressed view that not as much progress has been made as we anticipated, and the imperative need to expedite progress on Agriculture in order to facilitate negotiations in other areas.

Accordingly, we focused our discussions on the key questions on which the Chairmen of the five main negotiating bodies have indicated a need for political guidance, as detailed below.

**Agriculture**

On **Agriculture**, we reiterated the importance of agriculture as an engine for the Doha Round, and were encouraged to see a shared political

commitment to accelerate the negotiation and a growing convergence on some key issues. We agreed that there is an urgent need to make the maximum progress on all three pillars by end July. We have the necessary minimum structure on the export competition pillar already in place. With respect to the market access and domestic support pillars, we agreed that we can proceed incrementally to negotiate structure, without prejudice to the final outcome of the whole package. We will do so on the understanding that the overall level of ambition and the overall balance of the package are to be settled only when the structure of the components has been settled, i.e. in the September to December period. Special and differential treatment remains an integral part of all elements in the negotiations.

On the Market Access formula, Ministers recognised the need to seek a middle ground between the Swiss formula and the UR approach. We have asked our negotiators to continue their work on the basis of the status report submitted by the Chairman of the Negotiating Group on 27 June 2005, using the recent G20 proposal as a starting point for the work on the structure of the MA formula, recognising that some members have reservations about certain aspects of that proposal. We will give specific, detailed and concrete instructions to our negotiators in Geneva for identifying a most-favoured option before the summer break. We have suggested that the Chairman of the Negotiating Group lead this work and, capture and report to the TNC, by the end of the month, the emerging convergence on the key elements of the tiered formula for tariff reductions under the Market Access pillar, with indications on how Members' sensitivities should be treated with flexibilities. In this connection, we noted that a number of suggestions on sensitive items are on the table, including the helpful suggestion to work on indicators for selection of special products based on food security, livelihood security, and rural development needs.

With respect to internal support, the immediate focus up to the end of July must be on the cuts and disciplines that will apply to trade distorting support. Additionally, we hope it may be possible to advance our work on the review and clarification of the Green Box criteria.

With respect to the export competition pillar, noting that the essential structure is already in place, we need to focus the few remaining days to the end of July on adding further “building blocks” to the parallel commitments

already in place.

We reaffirmed that the work of the Sub-Committee on Cotton remains an important part of the agriculture negotiations. This is yet another reason why it is vital to accelerate the substantive negotiations in agriculture.

## **NAMA**

On NAMA, we agreed on the urgency of seeking convergence on the structure of the tariff reduction formula. There were different views on the precise form of the formula. Towards the end of discussion, there were some indications that the possibility of a Swiss formula with a couple of coefficients that would accommodate specific concerns could be further explored. We agreed to instruct our Geneva negotiators to continue working hard in the next two weeks on a formula approach that would most likely attract consensus, bearing in mind our aspiration for agreeing on full modalities in NAMA by the Hong Kong Ministerial in December. We also recalled paragraphs 6 and 9 of the framework, which exempted the LDCs and a group of members with low binding coverage from the tariff reduction formula.

On the treatment of unbound tariffs, there was convergence on several guiding principles, such as achieving full binding, without prejudice to paragraph 8 of the framework; subjecting newly bound lines to the tariff reduction formula; the need to work out a pragmatic solution to address the concerns of Members with low unbound tariff lines; and the objective for a simple, transparent, and predictable methodology to establish the base rates. We will build on these guiding principles. On the methodology for establishing base rates, we agreed to build on a non-linear mark-up approach in our future work.

With the objective of wrapping up technical issues so that the Negotiating Group could focus on the more substantive issues after the summer break, we agreed to instruct our officials to work intensively in the next two weeks with a view to finding solutions on the methodology for

conversion into *ad valorem* equivalents and product coverage before end July.

## **Development**

We all recognised that the biggest gains for Developing Countries from this Round would come from genuine new market access across the board, including from the further liberalization of trade between Developing Countries. The development dimension should be substantively integrated in all areas of the negotiations and the special concerns of the newly acceded Members should be effectively addressed. We also noted with satisfaction the recent renewed attention which the general questions of development and poverty reduction and their interrelation with trade had been getting at recent international gatherings.

Work is still on-going in the CTD Special Session on Special and Differential Treatment with the current focus on LDC Agreement-specific proposals. We asked the Chair of the CTD Special Session to continue intensive consultations on them and other agreement-specific proposals with a view to firming them up by the end of July.

We reaffirmed our commitment to the objective of duty-free, quota-free market access for products originating from the least-developed countries. We agreed that developed countries, and developing countries in a position to do so should contribute further in this regard.

While recognising that the concerns relating to preferences could not be tackled entirely under the WTO, we have already agreed that such concerns, among others, should be taken into consideration in the course of the agriculture and NAMA negotiations. Equally, a number of developing countries attached the greatest importance to the fullest liberalisation in tropical products. We recognised that complex Rules of Origin reduced the effectiveness of existing preference schemes and committed to seeking ways to simplify them so as to improve utilization.

We underscored the importance of the effective delivery of technical assistance and capacity building to assist Developing Countries, particularly LDCs, to take advantage of trade opportunities, including those which will result from the successful conclusion of the DDA.

We were encouraged by the importance placed on the development agenda in the international community, and asked our officials in Geneva to continue to work on all the relevant issues as provided for in the Framework of July 2004.

## **Services**

On market access, we noted that Members have been increasing their level of engagement by submitting initial and revised offers, as well as negotiating proposals. However, we noted that the offers so far on the table still fell short of our expectations in terms of both numbers and content. We definitely need more engagement in terms of more and better quality offers by Hong Kong. To achieve this, we urged Ministers to work closely with their colleagues in other ministries and regulatory agencies.

Apart from setting a new deadline for new revised offers in 2006, we also need to find ways, by Hong Kong, to further specify the level of ambition in services to ensure high-quality offers that provide commercially meaningful market opportunities, particularly in sectors and modes of supply of export interest to developing economies.

We sensed that quite a large number of Ministers consider that the present process will not yield a balanced and substantive outcome for this Round. We therefore asked the Chair of the CTS Special Session to undertake intensive consultations in order to enhance the bilateral request and offer process and to explore other approaches within the parameters of the GATS, the Negotiating Guidelines and the July Package.

It is up to Members to set indicators that explicitly define the levels of ambition in sectors or modes of supply. It seems very difficult for Members to agree on indicators, or benchmarks, for an aggregated or sectoral level of ambition. However, some Members have been working in the background

defining specific levels of ambition in certain sectors or modes of supply, which could become important drivers in our negotiations.

We also called on Members to continue working hard on rule-making negotiations so as to make substantial progress, in particular on domestic regulations.

## **Rules**

Recognising that substantive improvements on Rules remain an integral part of any meaningful package for the Ministerial Conference in Hong Kong, we reached a broad agreement that we should embark on text-based negotiations as soon as possible and latest from Hong Kong onwards.

We, therefore, instructed our officials in Geneva to intensify their discussions, to engage constructively, to exchange ideas in text form wherever this is possible, so that by Hong Kong, they can present us with an agreed universe of areas where improvements are recognized as necessary, together with a clear indication of what those improvements should be.

## **Roadmap to Hong Kong Ministerial**

We had detailed and productive discussions and made progress both in terms of procedure and substance. It will be important to have a firm foundation for the final phase of preparations for the Hong Kong Ministerial Conference. In this connection, the forthcoming July meetings of the Trade Negotiations Committee and General Council will be an excellent opportunity to bring the results of our discussions here before the whole membership, to provide them with a coherent overview of the state of the negotiations, and to move forward as far as we possibly can before the Geneva summer break. We must achieve concrete results. The July TNC and General Council meetings should serve as the launching pad for the urgent further progress we will need in the autumn.

We committed our negotiators to moving ahead in all the core areas, bearing in mind that progress in one area breeds confidence and trust in another, and recognizing the self-balancing nature of the Single Undertaking.

We remain convinced that the DDA negotiations must be concluded by the end of 2006. We remain committed to establishing, by the Ministerial Conference in Hong Kong, comprehensive modalities for agriculture and non-agricultural market access (NAMA), a critical mass of market opening offers in services, meaningful and substantial progress in Rules and Trade Facilitation, and substantive integration of the development dimension in all areas of the negotiations. We agreed to hold ourselves ready to meet again as often as necessary to ensure that we achieve this aim.

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