



What DFID Helped the Poorest Countries in the World Achieve in the WTO Hong Kong Ministerial

In December 2005 in Hong Kong trade Ministers from across the world met to finalise negotiations aimed at making the multilateral trading system fairer for all. The Least Developed Country (LDC) group comprising 32 of the 50 poorest countries in the world achieved what few had expected would be possible. Chaired by Zambia and led by the eminent Zambia trade Minister, Dipak Patel, the group successfully negotiated the following commitments:

- All developed countries to provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability.
- Members facing difficulties to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period.
- Members to take additional measures to provide effective market access, both at the border and otherwise, including simplified and transparent rules of origin so as to facilitate exports from LDCs.
- Members shall implement the LDC modalities on services and give priority to the sectors and modes of supply of export interest to LDCs, particularly with regard to movement of service providers under Mode 4.
- Extension of the [transition period for LDCs to accede to the TRIPS Agreement.](#)
- All forms of export subsidies on cotton eliminated by developed countries in 2006 and all LDC cotton exports granted duty and quota-free market access into developed countries on completion of the Doha round of negotiations;
- Trade distorting domestic subsidies for cotton production to be reduced more ambitiously than under whatever general formula is agreed and implementation over a shorter period of time than generally applicable;
- Recognition of the urgent need to make the Integrated Framework more effective and timely in addressing the trade-related development needs of LDCs.
- Establishment of a Task Force to provide recommendations on how to make Aid for Trade more effective to assist developing countries, particularly LDCs, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade.

Why was this an important outcome?

Africa's share of world trade has fallen from 5% in 1980 to less than 2% today. At the same time Africa is the poorest region in the world. Much of Africa is unlikely to meet the global targets on poverty reduction called the Millennium Development Goals (MDGs) which aim to half poverty, reduce the number of cases of HIV/AIDs and infant mortality, increase school enrolment rates and access to water. Whilst aid is an essential contributor to reducing poverty in Africa enabling Africa



to trade its way out of poverty is even more important if the continent is to experience sustained growth and improved living standards and for them to achieve the MDGs by 2015.

Why do Poorer Countries Need Support in These Negotiations?

The World Trade Organisation (WTO) is the legal body that regulates the trading relations of its members. Most countries in the world have joined the WTO and membership is voluntary. The 2005 WTO Ministerial meeting in Hong Kong was an important attempt to get the Doha Development Round of negotiations back on track.

Although all member countries of the WTO have an equal say and agreements are on a consensus basis poorer countries are at an enormous disadvantage in terms of negotiating favourable trade deals. This is due to their relative lack of capacity to analyse their own trade, economic and social interests to come up with negotiating positions that benefit them and also to rapidly analyse the negotiating offers of others. The size of the country delegations to the Hong Kong Ministerial is just one indicator of the relative strengths of the negotiating ability of different groups. Whilst the US, European Union led by the European Commission and Japan had delegations in the region of 200-400 people, Zambia, as the Lead negotiator for the LDC Group, had 35 people in their delegation. This asymmetry in negotiating and analytical capacity has been a serious problem in previous trade rounds, such as the Uruguay Round, where developing countries felt they had signed up to agreements which they subsequently discovered were harmful to them.

It was particularly important to get reforms on cotton subsidies. Cotton subsidies in developed countries have been estimated to have led to hundreds of thousands of job losses in Africa.

What Made a Difference in Hong Kong?

During the Hong Ministerial the LDC Group was chaired by Zambia, and the delegation to Hong Kong was led by Minister Dipak Patel. A major factor in the group's success was the zeal of Minister Patel and his unfaltering determination to attain concessions for the LDCs. Early on in the lead up to Hong Kong Minister Patel called on DFID's Secretary of State Hilary Benn and requested technical and logistical assistance. The SoS saw the importance of this request and immediately agreed. In the lead-up to Hong Kong DFID provided technical advisors to the Zambian LDC Chair.

Zambia suffers from the same lack of financial resources and human capacity that most LDCs do. Finding the money to pay for international calibre trade experts who would be able to supplement the determination of the Zambia LDC Group delegation to meet the US, EC and Japan on anything near equal terms, was impossible from Zambia's own budget. So DFID stepped in. A vital aspect of this support was that Zambia chose the advisors they wanted. This ensured that the advisors were fully trusted by the LDC Group. Three advisors were funded, all either Zambian nationals or born in Africa.

DFID provided assistance on a demand basis from the Zambian chair. A particularly important part of the process was achieving consensus within the LDC Group. This was achieved by Zambia hosting a LDC ministerial meeting funded by DFID. Financing of the advisors continued throughout the Hong Kong ministerial including the secondment of one of DFID's trade experts to the Group during the Hong Kong Ministerial to increase their capacity.

DFID with the other UK ministries worked tirelessly in the year leading up to the Hong Kong ministerial and throughout, seeking a pro-development outcome from the Round. The UK put



development at the centre stage of our priorities for the Doha Round and continues to work to ensure a positive outcome for developing countries .

Where to next?

At the WTO Trade Negotiations Committee (TNC) on July 24th 2006 the Director General of the WTO recommended that the Doha Round of negotiations be suspended as a result of the inability of key players to reach agreement on issues related to agriculture and industrial goods. The Round continues to be stalled, though technical work on the different issues has restarted in Geneva, as of late November 2006. But as we have learnt from past Rounds this is not unexpected due to the complexity of negotiations which involve most of the countries of the world and where commitments are legally binding. This also means that the commitments that the LDC Group achieved in Hong Kong have yet to be implemented. The UK continues to lobby for the resumption of the DDA and remains committed to help the LDC Group with their technical requirements as needed.

