



SIXTH CHINA ROUND TABLE

STRENGTHENING THE RULES-BASED MULTILATERAL TRADING SYSTEM

AND

BUILDING A NETWORK TO PROMOTE ACCESSIONS

Outcome Document

Buenos Aires, Argentina, 9 December 2017

INTRODUCTION

1. The Sixth China Round Table on WTO Accessions and the Multilateral Trading System was held in Buenos Aires on 9 December 2017 (hereinafter: the Round Table). This Round Table was organised by the WTO Secretariat in partnership with the Government of China under the framework of the China LDC's and Accessions Programme ("The China Programme"). The Round Table was jointly opened by WTO Director-General Roberto Azevêdo; Ms. Susana Malcorra, MC11 Chair; Mr. Zhong Shan, Commerce Minister of China; and Mr. Pan Sorasak, Minister of Commerce of Cambodia. WTO Deputy Director-General Alan Wm. Wolff and Vice-Minister Wang Shouwen of China moderated the opening ceremony. The Round Table was attended by over 200 participants from over 50 countries, including 12 acceding governments. Of these, 42 participants from 14 LDCs - from acceding and Article XII LDCs - were sponsored by the China Programme; this sponsorship facilitated their participation at MC11.

2. In his opening statement, DG Azevêdo stressed the priority that the Organization attaches to accessions; highlighted the contribution of the China Programme in assisting LDCs in accession and in strengthening their participation in the WTO; noted the importance of accessions in extending the reach of WTO rules and thereby strengthening the Organization's role as a guarantor of stability and predictability; and pointed to the role of the multilateral trading system in helping governments pursue development strategies.

3. Ms. Malcorra discussed the role of the multilateral trading system as a public good and the role of accessions in ensuring that this public good is universally available. She also underscored the link between WTO Membership and increased investment opportunities. Minister Zhong Shan noted China's support for the multilateral trading system and stressed the importance of facilitating LDCs' accessions. He emphasized the role of technical assistance and observed that Members should refrain from making unrealistic demands on LDCs. He also discussed LDCs' WTO Membership in relation to the broader goals of poverty eradication and integration into the world economy.

4. Drawing on the experience of Cambodia, Minister Pan Sorasak discussed WTO accession in the context of domestic reform, highlighting the benefits related to economic growth and modernization. Referring to the 2002 Guidelines on the Accession of LDCs, he also noted that the Organization has a role to play in facilitating LDCs' accessions. He called on WTO Members, in collaboration with development partners and donors, to establish a special program to support LDCs in enhancing their participation in the multilateral trading system.

5. At the end of the opening ceremony, DG Roberto Azevêdo and Minister Zhong Shan signed a Memorandum of Understanding (MOU) extending the China Programme for another year with a contribution of USD 500,000. This is the sixth extension of the China Programme since the first MOU was signed in 2011. The Programme has supported accession-related activities - such as the China Accession Internship Programme (Pillar 1), the Annual China Round Table (Pillar 2) and country-specific support extended to LDC accessions - as well as non-accession related activities such as the South-South dialogue and TPR follow-up. A Memorandum of Understanding was also signed concerning China's contribution of USD 1 million to the Trade Facilitation Agreement Facility Trust Fund.

6. The opening ceremony was followed by two substantive sessions led by experienced panellists involved in current or former accession negotiations.

SESSION 1: WTO ACCESSIONS: EXPANDING AND STRENGTHENING THE RULES-BASED MULTILATERAL TRADING SYSTEM

7. The first session was moderated by Ambassador Zhang Xiangchen of China. It explored the systemic contributions of accessions to the multilateral trading system under the heading "WTO Accessions: Expanding and Strengthening the Rules-based Multilateral Trading System". The session aimed at having an open, informal and interactive dialogue on the systemic value of WTO accessions from the perspectives of acceding governments, a WTO original Member, and an Article XII Member.

8. Contributions were made by Ambassador Saleh Al-Husseini, Permanent Representative of Saudi Arabia to the WTO; Ambassador Vladimir Serpikov, Chief Negotiator for the Accession of

Belarus; Mr. Carlos Gimeno, Senior Adviser, European Commission; and Ms. Khadra Ahmed Dualeh, Minister of Commerce and Industry, Somalia.

9. The first speaker, Ambassador Saleh Al-Husseini, laid out how much Saudi Arabia valued the WTO, and discussed some of the difficulties they encountered during their accession process. In his opinion, WTO accession was a deal in which everyone was a winner, specifically with the requirements of transparency and compliance with legally binding agreements. He argued that WTO accession promoted growth, employment and investment and that non-WTO Members may be falling short of their potential and attainable GDP levels. He recognised accession was imperative to reduce the gap between rich and poor countries, to diminish uncertainty and increase investment security. In terms of challenges, he considered language issues to be a big constraint.

10. The second speaker, Ambassador Vladimir Serpikov spoke about Belarus' accession process and cooperation with the WTO and reiterated that the Belarusian Government hoped for a quick, results-oriented accession. He recognised Belarus drew from experiences of the accession of the Russian Federation and Kazakhstan, as their commitments laid out the groundwork for cooperation in the Eurasian Economic Union (EAEU). He laid out steps Belarus had undertaken to progress in its accession process and noted what needed to be further done to complete the process. He stressed the importance of a rules-based system and equal treatment in accessions and considered that the multilateral trading system must be transparent and open. He stated that Belarus had undertaken significant tariff cuts, bringing the average level of tariff protection lower than some developed Members. In his view, further demands to decrease tariffs would make no economic sense for Belarus. He further noted that the accession conditions should be tailored to the economic situation and to Belarus' development needs, and called on WTO Members to constructively engage in Belarus' accession process.

11. The third speaker, Mr. Carlos Gimeno, shared the European Union's perspective on WTO accession, its involvement in accession processes and its expectations from acceding countries. He noted that the EU followed every WTO accession closely. The EU viewed market access as important, but it was not its only incentive as it also participated in accession processes for countries with which it shared preferential trade agreements. It considered every new accession as a step further towards a universal multilateral trading system and the opportunity to support national reforms undertaken by acceding governments. When a country was transitioning towards a market economy, he noted that the EU paid close attention to the country's investment regime; State-owned enterprises; State trading enterprises (STEs); pricing policies; State intervention in pricing that may be inconsistent with the WTO's principles; competition policies; and trade-distorting subsidies. The EU also examined acceding government's legislation closely with a view to eliminating quantitative restrictions and discriminatory measures. In terms of what the EU expected from acceding governments, he stated that there was no one-size-fits-all approach. In terms of market access, the EU examined the potential gap between bound and applied rates and tried to reduce the gap. In terms of multilateralism and rules, the idea is that acceding countries adhere to the WTO's provisions and rules from the moment they acceded but the EU recognised some acceding countries needed more time to adjust or to introduce WTO-consistent legislation, for which they were ready to grant transition periods.

12. The final speaker, Ms. Khadra Dualeh, thanked China for its consistent support to Somalia. She noted the importance of strengthening technical assistance and building capacity for acceding governments. To do so, she called on Members to encourage North-South and South-South cooperation. In the case of Somalia, strengthening the system involved two things: relying on sound regimes and promoting commitments based on the outcomes of MC10, while favouring the preferential rules of origin adopted at MC9. She recognised a regime for preferential rules of origin was essential for the post-conflict countries.

13. Upon the conclusion of the statements from the panellists, the floor was opened for discussion. Ethiopia acknowledged the merits of a rules-based multilateral trading system and reiterated the importance of implementing the LDC guidelines across the board, with market access targets and benchmarks. Comoros recognised the importance of (i) using experts and consultants to enhance national expertise and ii) the training of senior personnel from acceding governments. Yemen recognised accession as a major building block in the development plans of all countries wishing to join the WTO and emphasised the need for technical assistance and capacity building.

SESSION 2: BUILDING A NETWORK TO PROMOTE ACCESSIONS: CONNECT – SHARE – LEARN

14. The second session, moderated by Ambassador Chiedu Osakwe of Nigeria, was entitled "Building a Network to Promote Accessions: Connect – Share – Learn". The session officially launched a Network of WTO Accession Negotiators. Over 80 former negotiators, former Working Party Chairpersons and other accession experts have become members of this Network.

15. Contributions were made by experts and former accession negotiators, including, Mr. Axel Addy, Minister of Commerce and Industry and Former Chief Negotiator for the Accession of Liberia; Ms. Khemmani Pholsena, Minister of Industry and Commerce and Former Chief Negotiator for the Accession of Lao PDR; Ambassador Zhanar Aitzhanova, Permanent Representative to the WTO and Former Chief Negotiator for the Accession of Kazakhstan; Mr. Maxim Medvedkov, Director of Trade Negotiations Department at the Ministry of Economic Development and Former Chief Negotiator for the Accession of the Russian Federation; Ms. Hilda Ali Al-Hinai, Deputy Permanent Representative of Oman to the WTO and Former Working Party Chairperson on the Accession of Seychelles; and Mr. Farhat Farhat, Independent Trade Policy Advisor.

16. In recognizing the value of transferring accession-related knowledge and experience, the panellists in this session shared perspectives on key elements that impacted their accessions and provided first-hand information on how prominent issues in their accessions were tackled. Discussions revolved around three main topics: (i) securing domestic buy-in; (ii) managing the geopolitical and technical aspects of accession negotiations; and (iii) recognizing accession as an instrument for reforms.

(i) Securing domestic buy-in

17. Recalling his experience from Liberia's accession, Minister Addy noted that sending a clear message to the public was instrumental in the accession process. In the case of Liberia, it was important to show that the country was ready to do business despite the challenges the economy was facing. On this premise, the negotiating team analysed the economy by meeting with key stakeholders to discuss the opportunities and challenges of WTO accession and draw up a plan that would lead the economy in the right direction.

18. The discussions acknowledged that securing domestic buy-in started at the highest level of the government. In the case of Lao PDR, Ms. Pholsena noted that, in addition to challenges related to internal coordination, one of the most difficult aspects of Lao PDR's accession was convincing Ministers on the importance of undertaking accession-related legislative reforms. In her experience, the political will and commitment were the driving force of Lao PDR's accession negotiations.

19. Similarly, Mr. Farhat noted that an important element that accelerated the accession of Afghanistan was the buy-in of the private sector. Once the Afghan private sector understood that reforms would reduce transaction costs and delays as well as other bad practices, it became the lead advocate for WTO accession and urged the President to speed up the accession negotiations.

(ii) Managing the geopolitical and technical aspects of accession negotiations

20. The interplay between the technical and the geopolitical aspects of accession negotiations was thoroughly discussed during the session. According to Ambassador Aitzhanova, geopolitical factors came into play when Kazakhstan became a founding Member of the EAEU while still negotiating WTO accession in 2010. She noted that while these factors slowed down the accession process, technical solutions were reached as Kazakhstan had to adjust around 3000 tariff lines. In her view, the main challenge for negotiators in similar situations was imposing limits for themselves at the technical level. In such cases, she recommended that negotiators should stick to the legal framework of WTO Agreements and not overstep their competences in negotiations.

21. In sharing Afghanistan's accession experience, Mr. Farhat reiterated the role of the head of state in driving the accession process particularly when geopolitical considerations were predominant. As a landlocked country, transit issues were important geopolitical factors for Afghanistan.

22. Ms. Al-Hinai who had served as a negotiator in the accession of Oman and as a Chairperson on the accession of Seychelles noted the importance of assessing negotiation sensitivities on either side – Members and acceding governments. She also emphasized the need for Chairpersons to maintain excellent contact with the Government, the representatives of the acceding governments, WTO Members and the Secretariat during the accession process.

(iii) Recognizing accession as an instrument for reforms

23. The session recognized that acceding governments were often hesitant about carrying out domestic reforms. In the case of the Russian Federation, Mr. Maxim Medvedkov noted that while the negotiating team understood that the accession process required undertaking commitments to comply with WTO rules and regulations, they initially did not recognize it as an instrument for domestic reforms. This had initially slowed down the accession process.

24. Mr. Medvedkov also shared insights on how the Russian Federation successfully managed the issue of export duties and State trading enterprises. He noted that the negotiating team provided a logical explanation on the reason why the country wanted to impose export duties. The domestic implications were considerable as export duties accounted for 30 to 40% of Russia's budgetary revenue. This reasoning was accepted by Members. On State trading enterprises, the negotiating team knew that their STEs were operating the same way as those in developed countries. At the same time, they also acknowledged the need to carry out reforms to ensure full compliance with WTO rules and regulations.

25. The discussions also focused on the reform of the legal framework. Mr. Farhat noted that, more often than not, acceding governments expected the Working Party to indicate which laws were not in conformity with WTO laws before amending them. To speed up the accession process, the negotiating team must systematically ensure that its institutional framework and policies were consistent with WTO agreements.

26. For LDCs, legislative reforms remained a great challenge. Ms. Pholsena noted that Lao PDR's legislation was not sufficiently developed and that during the accession process, Lao PDR had to amend almost 90 statutory items. While this was a lengthy process, the negotiating team observed that the accession process was the driving force behind legislative reform, which in turn spurred economic reform in Lao.

27. At the end of this session, a question was raised by Ethiopia on the strategies used to maintain a policy space for negotiations. In response, Mr. Medvedkov noted that it was necessary to bring the country's legislation into conformity with WTO rules to have sufficient margin for negotiation.

CONCLUSION

28. The Buenos Aires Round Table was the sixth in the process of the China Accession Round Table dialogue which had started in 2012. The successive China Round Tables – first held in Beijing, China in May 2012, then in Luang Prabang, Lao PDR in October 2013, Dushanbe, Tajikistan in May 2015, Nairobi, Kenya in December 2015 and Siem Reap, Cambodia in March 2017 – have contributed to better understanding of the accession process and have injected positive impetus to specific accessions.

29. The Sixth China Round Table expressed appreciation to Ms. Susana Malcorra, Chair of the Eleventh Ministerial Conference and the Government of Argentina for hosting the Round Table, in particular, for the excellent arrangement and generous hospitality.

30. The Round Table welcomed the extension of the China LDCs' and Accessions Programme ("The China Programme") and expressed appreciation to the Government of China for continuing its support for the programme aimed at strengthening LDCs' participation in the WTO and assisting acceding governments in joining the Organization. Moreover, special appreciation was expressed for the contribution of USD 1 million to the Trade Facilitation Agreement Facility Trust Fund.

31. The Round Table welcomed the formal launch of the WTO Accession Negotiators' Network which currently consists of over 80 former negotiators former Working Party Chairpersons and other accession experts. Other interested parties such as the private sector, deputies and other stakeholder representatives were also encouraged to participate in the activities of the Network.