



## WTO TWENTIETH ANNIVERSARY ACCESSIONS PROGRAMME

### SECOND GLOBAL SEMINAR ON WTO ACCESSIONS SAUDI ARABIA 10-YEAR WTO ACCESSION SPECIAL ANNIVERSARY SESSION ACCESSIONS BOOK LAUNCH BY WTO DIRECTOR-GENERAL ROBERTO AZEVEDO

*Statement by Steffen Smidt, LDCs facilitator*

#### Panel 3: Working Party Chairpersons' Perspectives

**Geneva, Tuesday, 29 September 2015, 09:40-10:00, Room D**

1. It is generally recognised that negotiations for membership of WTO raises particular challenges for Least Developed Countries, the LDCs. Their limited institutional and administrative capacities necessitate far-reaching domestic reforms in order to be in a position to implement WTO rules and to benefit from the access of their goods and services to markets of WTO Members.
2. Special mechanisms for assisting LDCs in their efforts to develop the necessary capacities have been established. And a set of guidelines was adopted in 2002 to facilitate the accession of LDCs. One essential feature of these guidelines was an invitation for Members to exercise "restraint" when negotiating commitments from LDCs on access to their markets.
3. The implementation of the guidelines from 2002 did not meet the expectations of the LDCs. Consequently, at the 8<sup>th</sup> Ministerial Conference in 2011 it was decided that the guidelines should be further "strengthened, streamlined and operationalised". And at the July 2012 General Council a new set of improved guidelines to facilitate and accelerate the negotiations on LDC accessions was agreed.
4. The new set of guidelines introduce "benchmarks" for the various commitments that LDCs have to make upon accession on access of goods and services to their markets. The main purpose of these benchmarks is to provide Members with assurance of reasonable access conditions on the market of the acceding LDC, and to provide the acceding LDC with the necessary flexibility and policy space after accession.
5. In general, the new set of guidelines from 2012 should strengthen the hands of the acceding LDC in its negotiations with Members on the conditions for access of goods and services to its markets. These negotiations are conducted bilaterally, that is between the acceding country and each of those existing Members who want to obtain specific access opportunities for their exports on the market of the new Member. And at the end of the negotiation process these access opportunities are shared with all other Members in accordance with the MFN principle.
6. The new guidelines offer the acceding LDC more leeway in the negotiations. On agricultural tariff lines the practice before the new guidelines was that the new LDCs had to bind at an average of 32%. Whereas, the new guideline implies that acceding LDCs will only have to bind at the level of 50%.
7. And for non-agricultural products, an acceding LDC have the option of binding 95% of its tariff lines at an average rate of 35%, which means flexibility on tariff policy on the outstanding 5% of the tariff lines. This benchmark has to be compared with the previous situations for acceding LDCs where less than full binding was hardly allowed. And in addition, recently acceding LDCs had to bind their non-agricultural tariff lines at an average of 23% - substantially less favourably than the new benchmark of 35%.



8. For services, the approach chosen in the guidelines had to be different. Market access for services is not quantifiable in a manner comparable to access for goods. That is why the new guidelines introduce notional quantitative benchmarks coupled with qualitative elements. The guidelines stipulate that LDCs shall not be required to commit to market openings in the services sectors and sub-sectors beyond those that have been committed by existing LDC Members.

9. The new guidelines also introduce provisions on "transparency" in the accession negotiation process. For each accession a particular Accession Working Party is established. They accompany each negotiation and approve the final overall conclusion of the negotiations and have now obtained a greater role in reviewing the outcomes of bilateral market access negotiations.

10. Another new element in the 2012 guidelines is that they provide scope for discussions of difficulties encountered during the negotiations in the Sub-Committee on LDCs. As a final element of transparency, the guidelines have codified the practice according to which the Chairperson of the Sub-Committee and Chairpersons of other LDC Accession Working Parties can assist the Chairperson for the relevant Working Party as "facilitators" for the conclusion of the negotiations, if serious difficulties in the negotiations call for such a particular "facilitation".

11. Last but not least, the new guidelines contain provisions for technical assistance and capacity building to help acceding LDCs to complete their accession negotiations and to respect their commitments upon membership of the WTO.

12. The new guidelines can, hopefully, contribute to greater clarity and predictability in the accession negotiations, and thus - as intended - facilitate and accelerate these negotiations. It will soon be possible to verify if the intended objectives have been met. - Perhaps participants here today may be able to contribute their experience in this respect.

13. The question that I would like to raise is, if it is worthwhile to consider any further improvements of the process. I believe it is, and here I base myself on my experience on what is called the "enlargement negotiations" in the European Union, for which I was the responsible Director-General in the early 1990s.

14. The nature of the cooperation within the European Union is of course very different from the WTO, but some of the features of the enlargement process in the EU are, nevertheless, in my view relevant in a reflection on how the accession process within WTO might be improved in order better to meet the objectives.

15. The first of these features is what could be characterised as the "collective" nature of the negotiations. The negotiations in the EU between the Member States and the accession state - called the "candidate country" in the EU jargon - are taking place with the candidate on the one side of the table and all the Member States on the other side. In practice, the Executive within the EU, i.e. the European Commission, is preparing all the elements with the accession state, but each and every detail is ultimately negotiated between all Member States and the accession state.

16. The implication of this feature is that each and every requirement with which a candidate is confronted has been discussed and agreed in advance between all the existing Member States.

17. Without going that far in the WTO accession negotiations, some of the thoughts behind could be considered in order to strengthen further our new guidelines on "transparency". I mentioned a while ago that the new guidelines on transparency had provided a greater role for the Accession Working Party and the Sub-Committee on LDCs in reviewing the outcomes of the bilateral market access negotiations and provided codification of the practice according to which the Chairperson of the Working Party supported by a couple of colleagues - other Ambassadors typically - can "facilitate" the conclusion of negotiations, if serious difficulties have been encountered between the parties. As for this last possibility, I think experience has shown that the facilitators have no other power than the value of conviction and the patience of time.



18. Without "multilateralising" all the market accession negotiations we might consider the possibility of letting an accession state bring matters to the attention of the Working Party – or to the Sub-Committee on LDCs - when serious difficulties have arisen in the bilateral negotiations - and thus share with all Members both the difficulties encountered and the solutions to consider.

19. Such a possibility could contribute to the "restraint" that was one of the basic objectives behind the original guidelines.

20. Another feature is how to bring stronger "political momentum" to the negotiations. Within the European Union, Candidate Countries and Member States meet regularly at the political level. Even if all details are discussed among experts in advance, all the agreements on the various issues are discussed and decided upon by ministers. One consequence of this is that the ministers from candidate countries, responsible for the accession negotiations, have a strong platform for bringing the issues to the attention of all relevant players back home and get the proper political mandate, and ultimately the full support for the conclusions of the negotiations.

21. I believe that it is generally agreed that one of the most important aspects of accession negotiations – if not the most important – is the necessary reforms of economic and administrative structures of the accession countries in order to enable them to live up to the rules and obligations of the WTO and to benefit from the possibilities to participate in the multilateral trading system provided by the membership of the WTO. That restructuring process is a major political challenge - for LDCs in particular. And ministers are heavily involved at home to conduct that process properly. But existing mechanisms do not at the political level offer the responsible ministers in the accession states much support within the multilateral forum of WTO.

22. The WTO Secretariat is providing a tremendously important support to accession states at the technical level. The question is whether we could consider supplementary steps to enhance the support at the political level.

23. Again, there are important differences between the EU and the WTO. For one thing, ministers do not meet that often in the WTO, whereas they meet very regularly within the European Union. But we might, nevertheless, provide for the possibility of having a substantial discussion on important outstanding issues in ongoing accession negotiations at every Ministerial Meeting. That could help lift such issues to the political level, also internally in an accession state.

24. And we could also consider the possibility of supplementing the "facilitators" with ministers - that is, ask ministers from the same states as the ambassadors constituting the facilitators at the daily work here in WTO to form a sort of "troika" that with reasonable intervals could get involved in various difficult issues in the negotiations. These ministers could, for example, from time to time travel to the accession state and discuss relevant issues with the government, make themselves available to exchange of views with the Parliament and meet with representatives from industry and civil society in order to offer their advice and experience.

25. I believe that such an involvement of ministers from existing Member States could help accession states in providing the right momentum in their efforts to take the political decisions necessary in order to succeed in their reform processes.

26. Accession processes are always difficult and time consuming, in particular for LDCs. The new guidelines will, hopefully, alleviate some of the burden. And perhaps some of the thoughts that I have offered could contribute in the same direction.

Thank you very much.

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