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Market Access Issues in the Context of the Doha Development Round:

Bangladesh's Interests and Concerns

Paper 32

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The present paper, ***Market Access Issues in the Context of the Doha Development Round: Bangladesh's Interests and Concerns***, has been prepared under the CPD programme on **Trade Policy Analysis and Multilateral Trading System**. This programme aims at strengthening institutional capacity in Bangladesh in the area of trade policy analysis, negotiations and implementation. The programme, inter alia, seeks to project the civil society's perspectives on the emerging issues emanating from the process of globalization and liberalization. The outputs of the programme will be available to all stakeholder groups including the government and policymakers, entrepreneurs and business leaders, and trade and development partners.

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Market Access Issues in the Context of the Doha Development Round: Bangladesh's Interests and Concerns

SECTION I: MARKET ACCESS ISSUES IN THE WTO

1.1 Background

Gradual reduction in the tariff barriers aimed to facilitating market access for goods was at the heart of the GATT process since its inception in 1947. The first seven rounds of GATT dealt mainly with reductions in the tariffs, and that too, mainly for the industrial goods. The eighth GATT Round, the Uruguay Round, for the first time brought the issue of market access for agricultural products within the ambit of the multilateral negotiations in the GATT.

As may be noted, the GATT Uruguay Round discussion reached a number of important decisions in the area of market access for industrial products – the developed countries committed to bound 99% of their tariff lines in industrial products from the previous 78%, whilst the share of bound tariff lines committed by the developing countries increased from 21% to 73%, average tariffs on industrial products imported by developed countries were reduced by 40% on imports from all countries, and by 37% on imports from developing countries; for the developing countries the corresponding figures stood at 25% and 21%. These reductions were negotiated line by line, rather than through either a *formula approach* or a *sectoral approach*. An attempt was also made to deal with non-tariff barriers (NTBs): voluntary export restraints (VERs) were prohibited and as is widely known, a phase-out programme was agreed with respect to the multi-fibre arrangement (MFA) under the Agreement on Textiles and Clothing (ATC). Two other post-Uruguay Round initiatives also need to be mentioned in this context. In 1996 a number of WTO Members decided to eliminate tariffs on certain information technology products, including semiconductors and semiconductor manufacturing equipments, computers, telecommunication equipment, scientific equipment and software (Information Technology Agreement, ITA); in the pharmaceutical sector a number of WTO Members expanded the list drawn up in the Uruguay Round by adding over four hundred products. Tariffs on those products were eliminated. The results of both these initiatives are applied on an MFN basis, i.e. zero tariffs access for these products to all Members of the WTO.

As regards market access for products of interest to LDC member countries in the WTO such as Bangladesh, a number of outstanding issues could not be adequately addressed during the GATT Uruguay Round. LDCs have suffered gradual decline in their global exports: falling from 2 per cent in the 1960s to 1 per cent in the 1970s to 0.8% in the early 1990s to the level of 0.4% at present. It is thus not unusual that market access issues occupy such an important space in the mindset of LDCs such as Bangladesh.

Information an world averages shows how the incidence of tariffs affects LDC exports. For merchandise trade as a whole, LDCs face tariffs on average 20 percent higher than the world into industrial country markets, and 10 percent lower than the world into developing country markets. In manufacturing, however, LDCs face higher tariffs than the world average in both industrial country markets (30 percent higher) and in developing country markets (20 percent higher). In agriculture, by contrast, they face much lower tariffs, 40 percent below the world averages in both industrial and developing country markets. Even so, LDCs face tariffs of 16-17 percent on their agricultural exports (World Bank, IMF, 2000).

Some of the more pressing concerns with respect to market access relate to the followings: (a) it is generally emphasised that full implementation of the UR commitments will result in a low bound simple average tariff of 7 percent across all merchandise trade and all WTO members. However, significant differences across products and countries continue to persist. For manufacturers the bound tariff is 6 percent, for textile and clothing it is twice as high, at 12 percent, and for agriculture it is five times as high, at 32 percent (IMF, WB, 2001) although average tariffs in developed countries have come down sharply, from the pre-UR level of 6% to post-UR level of about 4%, because of existing *tariff peaks* (high tariff rates on particular commodities) in some of the developed country markets, import duty on a number of export goods of heightened interest to LDCs, such as textiles, leather and food products, continued to remain at very high levels; (b) because of *tariff escalation* (tariffs on goods increasing with higher degree of processing) in the developed country markets, export of manufactured goods from developing countries and LDCs was being penalised; (c) trade in agricultural commodities continued to remain highly constrained and distorted because of the substantial farm subsidies in the OECD countries (total OECD subsidies currently stand at about one billion dollar a day) and tariff rate quotas (TRQs); (d) developed countries and some of the developing countries were showing a growing tendency to use non-tariff barriers (NTBs) in the form of ADDs and CVDs, technical barriers (TBT) and compliance requirements with respect to sanitary and phytosanitary measures (SPSM), which hindered market access of exports from developing countries and the LDCs, and (e) a visible lack of enthusiasm on the part of the developed countries to include in the ongoing negotiations issues relating to market access in services of interest to the developing countries and LDCs, including access to the labour market. These concerns were aggravated also due to the limited nature of trade-supportive assistance from the developed countries. For Bangladesh, these concerns were becoming more pronounced since structural changes in the 1990s pushed market access concerns to the forefront of her interests in the context of the ongoing negotiations in the WTO in the run up to the Cancun Ministerial Meeting of the WTO.

1.2 Growing Importance of Market Access Issues for Bangladesh

Bangladesh's market access concerns are underwritten by the fact that the country is at present more exposed to the risks and threats originating in the global market than at any time in the country's history. Bangladesh has been integrating with the global economy at a fast pace throughout the 1990s – the degree of openness of the economy, about 0.24 in early 1990s which by now has risen to 0.38. In the 1990s Bangladesh has graduated from a predominantly *aid-receiving nation* to a *trading nation* which is clearly borne by Table-1. Foreign exchange earnings from exports are now about four times as high as aid received annually compared to the early 1990s when the two indicators were of similar magnitude. Not a surprise though, issues related to access to global market are becoming crucially important in terms of the future development of the economy of Bangladesh.

It is well recognised that despite the market access improvements during the Uruguay Round talks LDCs such as Bangladesh have been severely constrained by the high tariff rates on items of their export interest including apparels, textiles, leather and frozen food. For example, although US average effective tariff levels have come down from 3.4% in 1991 to 1.6% in 2001, effective tariff rates on apparels and shoes were at very high levels of 11.4% compared to 0.9% for the rest of the products. As is seen from Table-2, tariffs on woven-wear men's and boy's coats (17.8%), men's knitted shirt (22.2%) and some categories of woven trousers (16.6%) are particularly high. Although clothing and

shoe account for only 6.7% of US annual imports, they account for 47% of total tariffs collected by the USA. It is to be noted here that the current average tariff rates on apparels in the EU is also as high as 12.4%.

Table 1: Bangladesh's Graduation From A Predominantly Aid Receiving Country To A Trading Nation

(Mln US$)

Item	1981	1991	2001
a. Export (X)	724.9	1718.0	6008.0
b. Import (M)	1954.1	3472.0	9362.9
c. Remittance (R)	379.0	764.0	1882.1
d. ODA	1146.0	1732.0	1588.0
e. FDI	n/a	1.0	157.5
Total (a-e)	***6185.0***	***7687.0***	***18998.5***
GDP	**19811.6**	**30974.8**	**47825.8**
Extent of Globalisation (in percent)	31.2	24.8	39.7
X as % of ODA	63.1	99.2	378.3
(X+R) as % of ODA	96.2	143.3	496.9
X as % of M	37.1	49.5	64.2
(X+R) as % of M	56.5	71.5	84.3
Debt Servicing as % of (X+R)	7.7	12.8	7.6

Source: *Compiled from EPB, ERD and CPD Database.*

Table 2: Bangladesh's Export Pay More Than France!

Country	Per Capita GDP	Exports to US	Tariffs Paid	As %
Bangladesh	$370	$2.353 billion	$331 million	14.1%
France	$24,170	$30.023 billion	$330 million	1.1%
Norway	$33,470	$5.173 billion	$24 million	0.5%
Singapore	$30,170	$14.899 billion	$96 million	0.6%
Pakistan	$460	$2.228 billion	$240 million	10.8%
Saudi Arabia	$6,900	$12.359 billion	$65 million	0.5%

Source: *Gresser E., 2002.*

Bangladesh epitomises what high tariff rates on items such as apparels, leather, and food actually mean in real terms: with an export of $2.40 billion to the US market, Bangladesh has a $331 million tariff slapped on her exports to the US market; by contrast, importers have to pay a tariff of only $330 million on exports from France although her annual export to the US market is worth about $24.2 billion (or 13 times more than Bangladesh!). Thus, the effective tariff rate on Bangladesh's exports to USA is 14.1%, compared to a mere 1.1% on exports from France. It goes without saying that such high tariff rates undermines Bangladesh's competitive strength in the US market and is discriminatory.

In needs to be appreciated that Bangladesh and other LDCs did indeed receive important concessions and derogations with respect to market access commitments during the UR, particularly through special and differential (S and D) treatment. This was ensured by way of lower levels of commitment, protracted implementation schedule and promises of supportive measures, albeit only in the form of *best endeavour* clauses. However, the constraints mentioned earlier continued to inhibit LDC market access in recent years, primarily in the developed country markets and also in the developing country markets. It is to be noted here that the LDCs such as Bangladesh were also confronted with a dilemma: lowering of tariffs also amounted to reduced preferential margins under the various GSP Schemes offered by the developed world. On the other hand, stringent rules of origin (RoO) provisions in the GSP Schemes meant that often LDCs were not being able to take full advantage of those schemes because of inability to comply with the RoO

requirements. Thus far, there has been little progress with respect to the demand of the LDCs to make the RoO more flexible. They are also dismayed by the lack of any real effort to implement the *Positive Agenda* in support of the LDCs as was agreed during the Singapore Ministerial of the WTO and the *Programme of Action* agreed in successive UN LDC Conferences. Bangladesh as also the other LDCs are finding it increasingly difficult to address the emerging NTBs in the global market, particularly because of their weak supply side capacities. It needs to be pointed out here that market access barriers faced by Bangladesh and other LDCs were not confined to the developed countries: in many instances LDCs are facing formidable difficulties in accessing the markets of developing countries and regional markets. Although most of these barriers will need to be addressed on a bilateral basis, a transparent and well articulated market access policy that favour LDCs and is bound in the WTO will go a long way in addressing their concerns in this area. According the Doha Round Ministerial Declaration negotiations initiated in Doha were to look into the relevant interests of LDCs in this context.

1.3 Market Access, Cancun Ministerial and the Doha Round Agenda

In the context of the emerging market access difficulties, developing countries and LDCs made a concerted attempt to reflect their attendant concerns in the final declaration emanating from the Doha Ministerial Meeting of the WTO. However, LDCs were particularly disappointed to find that no firm endorsement of their demand for a *zero-tariff and quota-free market access* emerged from the Doha Ministerial. The Doha Ministerial Meeting decided to set up a *Negotiating Group on Market Access* (NGMA) to discuss the relevant issues. Thus, the Doha Mandate commits members to "reduce, or as appropriate, eliminate tariffs, including reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of interest to developing countries", and goes on to mention that the forthcoming negotiations "shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments". The NGMA was created at the first meeting of Trade Negotiations Committee (TNB) in its first meeting in early 2002. The Doha Ministerial decided to bring, within the ambit of multilateral discussions in the WTO, new areas and product groups which were not discussed in nay earlier round of GATT. The Declaration spoke of product coverage which would be 'comprehensive and without *a-priori* exclusion' and also about agreeing to negotiations 'without prejudging their outcomes' on 'reduction or, as appropriate, elimination of tariffs and NTBs to environmental goods and services'.

Generally speaking, the Doha Mandate in the area of market access is perceived to be (a) *result-oriented:* specific deadlines have been set out which will need to be followed, (b) *providing an exact road map:* first negotiations on modalities, to be followed by on concrete reduction commitments, (c) *comprehensive:* it covers both tariff and non-tariff issues, (d) *flexibility:* where necessary the mandate is specific (as regards tariffs-tariff peaks, high tariffs, tariff escalation); where appropriate it is open-ended (in the area of NTBs); (e) *development-oriented language:* attention to special needs of DCs and LDCs, less than reciprocity in commitments, S&D Treatment and capacity building support. However, much will depend on how the negotiations proceed in various Negotiating Committees where discussion on the Doha Development Round Agenda is taking place. Since the Cancun Ministerial Meeting will take stock of the state of negotiations and will provide guidance to future negotiation on the DDR agenda, it is important that LDCs such as Bangladesh articulate, upfront, the areas of concern and interest in the area of

market access with a view to influencing the Cancun Ministerial discussions, decisions and declaration.

1.4 Proposals Submitted to NGMA

The Doha Declaration sets out a number of goal posts: by March 31, 2003 the members are to reach a common understanding about negotiating modalities; by May 31, 2003, members are to reach agreement on modalities; the negotiations are to concluded by January 01, 2005 as part of the *single undertaking* agreed in Doha.

Till date the NGMA has held a number of meetings (Box-1). The work of the NGMA during the first half of 2002 concentrated mainly on procedural issues; the work during the second half concentrated on more substantive issues such as discussion on modalities for tariff reduction and non-tariff barriers. Besides the Committee on Market Access also discussed issues related to market access for environmental goods.

BOX 1: MILESTONES IN NEGOTIATIONS ON MARKET ACCESS: DOHA TO CANCUN

1986-1993. GATT UR Negotiations concentrate mainly on market access for non-agricultural goods, although some progress was also made in the area of agricultural goods.

November, 2001. Doha Ministerial Meeting

- The Doha Ministerial Declaration (DMD) calls for negotiations which was to aim, by modalities to be agreed, to reduce or as appropriate, eliminate tariffs as well as NTBs. These negotiations are to take into account special needs of DCs and LDCs through *less than full reciprocity* in reduction commitments and *capacity building support*.
- Doha Ministerial decides to broaden the agenda of market access *beyond* industrial goods.
- Paragraph 16 of the Doha Ministerial Declaration (DMD) provides the mandate for negotiations on market access for non-agricultural products.
- The Doha Ministerial decides to set up a *Negotiating Group on Market Access* (NGMA) which is mandated to discuss the relevant issues.
- NGMA is created at the first meeting of the Trade Negotiating Committee (TNC) in early, 2002

April-December, 2002

- April-July, 2002: The Negotiating Group adopts rules of procedure and Work Programme of Meeting. Ambassador P.L. Girard (Switzerland) is elected as Chairman of the NGMA.
- December 2-3, 2002: NGMA meeting held to discuss relevant issues.
- December 4-6, 2002: Report on progress presented to the TNC by the Chairman of NGMA.

January-April, 2003

- NGMA considers two types of formula: *tariff independent* formula and *tariff dependent* formula
- NGMA considers market access for environmental goods (February, 2003)
- *An Overview Proposal* is submitted at the NGMA in April, 2003. The overview identifies eighteen issues which were articulated in the various submissions by member countries. These include *inter alia* product coverage (agriculture and non-agricultural commodities, environmental goods), core modality, tariff peaks, tariff escalation and high tariffs and implementation and staging and credit for autonomous liberalisation.
- NGMA considers the outline of modalities for negotiations on tariffs and NTBs (April 14-16, 2003)

Mandated Deadlines

- By March 31, 2003: Members are to reach a 'common understanding' on a possible outline for negotiating modalities.
- By May 31, 2003: Deadline for targets for modalities for achieving the objectives of negotiations for market access for agricultural goods. The modalities will set the parameters of the final agreement to be reached by January 1, 2005. This deadline could not be met.
- By January 1, 2005, the negotiations are to conclude as part of the *single undertaking* agreed in Doha.

As agreed in the programme of meetings for negotiations, the NGMA prepared an overview of all submissions made up to mid-march 2003 (circulated as TN/MA/6/Rev.1). In all, till that date 25 submissions were received by the Committee. These submissions dealt with eighteen issues. Some of the issues raised in these submissions which are of importance from Bangladesh' perspective include the followings: (a) core modality, (b) tariff peaks, tariff escalation, high tariffs, (c) product coverage, (d) tariff elimination, (e) bindings and binding coverage, (f) implementation and staging, (g) credit for autonomous liberalisation, (h) erosion of preferential margins and (i) NTBs. Major market access issues of concern to Bangladesh are listed in Box-2.

BOX 2: MARKET ACCESS ISSUES OF CONCERN FOR BANGLADESH

Category	**Marker Access Issues**
Trade Barriers	▪ *Tariff escalation* ▪ *Tariff peaks* ▪ *Tariff dispersion in manufacturing products* ▪ *Complex and non-transparent tariffs (e.g. non-ad valorem tariffs)* ▪ *Tariff Rate Quota (TRQ)*
Non-Trade Barriers	▪ *Export/Import Quota, Quantitative Restriction (QR)* ▪ *Voluntary Export Restraint (VER)* ▪ *Rules of Origin (RoO)* ▪ *Discriminatory Government Procurement Practices* ▪ *Anti-dumping and Countervailing Duties, Predatory pricing and price discrimination* ▪ *Sanitary and Phytosanitary Measures (SPS)* ▪ *Technical Barriers to Trade (TBT)* ▪ *Subsidies (particularly agricultural subsidy by the OECD countries)* ▪ *Multifarious trade and market distorting practices*
General Agreement on Tariffs and Trade (GATT)	▪ *Movement of Natural Persons (Mode 4 of GATT)* ▪ *Immigration Policy and Qualifications* ▪ *Licensing and additional licensing Requirements* ▪ *Wage Parity* ▪ *QR on VISA for professionals* ▪ *Entry barriers in the form of Entry Needs Test(ENT)and Local Market Test (LMT)*
Environmental Measures	▪ *Eco labelling* ▪ *Compliance sticker*
New Issues	▪ *Safety, Standard* ▪ *Customs valuation* ▪ *Trade facilitation related barriers*

Source: *Compiled from various WTO communications.*

Objective of the Present Paper

The paper looks at the state of the ongoing discussions in the NGMA on some of the most critically important areas and issues of concern and interest to Bangladesh. The paper reviews the major submissions in the identified areas, attempts to draw insights with a view to articulate Bangladesh's interests and concerns, and suggests possible position to be taken up by Bangladesh at the Fifth WTO Ministerial Meeting in Cancun and in the context of the ongoing negotiations in the NGMA.

SECTION II: CURRENT DEBATES IN NGMA AND BANGLADESH'S INTERESTS

The Negotiating Group on Market Access working in Geneva has discussed a broad spectrum of issues in three core areas of market access: (a) market access for agricultural and non-agricultural goods; (b) market access in environmental goods and (c) non-tariff barriers.

Generally speaking, the overall approach of most of the proposals submitted to the NGMA is that the LDCs should be accorded special and differential (S&D) treatment in the area of market access. In all, the NGMA has received sixteen proposals from developed and developing countries which support such an approach from various perspectives. These proposals relate to such areas as (a) exemption from tariff reduction obligation, (b) elimination of tariffs on goods of export interest to LDCs, (c) non-reciprocity in market access commitments, (d) the formula approach providing different levels of tariff cut for LDCs, (e) customised tariff reduction commitments from LDCs commensurate with their level of development, (f) more flexibility with regard to binding of tariff, conversion of ad-valorem tariffs, elimination of tariff peaks and tariff escalation. These proposals have come from Norway, EC, Singapore, China and other WTO members. The EC has come up with a proposal to the effect that 'developed countries should implement tariff and quota free access for all products from LDCs by May 31, 2003'. EC also invited most developed of the developing countries to join this initiative. The EC proposal sets the tone for a global zero-tariff, quota-free market access for the LDCs. Its novelty also lies in the fact that the EC has also called upon 'developed developing' countries to come in support of LDCs. Since developing countries constitute a sizeable proportion of the global market for LDC exports, implementation of such an initiative is likely to benefit the LDCs in a substantive way. This call has also put pressure on the USA to join the ranks of EU, Canada, Japan, and other developed countries which have provided important market access facility to the LDCs in recent time.

A large number of countries have submitted their proposals in the NGMA articulating their position, some times individually, often in groups. Market access issues are complex because many of them are cross cutting. The conflict interest have many dimensions with north-north, north-south, as well as a south-south divide as regards approach, modalities, priority of issues and readiness to undertake commitments and concede concessions. A close scrutiny of the market access proposals submitted by various countries and debriefing of key players and organisations evince some early signals as regards similarities of interest, emerging tensions and the prioritisation of individual countries, major players and coalitions of interests as regards the various involved issues. The following sections presents an analysis of the discussion in the NGMA in various areas by looking at those from three vantage points: (a) what are the major issues which are being discussed; (b) what is the state and scope of the debate and how countries are positioning themselves and (c) what are Bangladesh's particular interests in this context and what the suggested negotiating stance could be.

2.1 Discussion on Modalities

The Issues Under Consideration: Modalities relate to the negotiating formulas which will have to be agreed upon by the member countries before any substantive discussion is initiated in the areas of tariff reduction, tariff peaks, tariff escalation, tariff dispersion and tariff rate quotas. Several modalities are under consideration which were submitted by member countries. Some of these go way back to the GATT days, some of the others have been articulated in new proposals. Four options have emerged from the proposals

submitted by the various countries in the Negotiating Group: (i) formula approach; (ii) request-offer approach, (iii) sectoral approach and combination approach. The formula approach includes the well-known *Swiss Formula* (which envisage deeper cuts for higher tariffs through lower coefficients) as also the *linear tariff cuts* of equal magnitude (a harmonised rate which is usually a percentage, and cuts across whole classes of products). A *sectoral approach* would mean a unique formula for each of the broad sectors. A request-offer approach is usually based on bilateral requests and offers with the results to be subsequently extended to all WTO members on a most favoured nation (MFN) basis. A combination approach is a cocktail of several modalities, suitably applied in a case by case basis.

State and Scope of the Debate: From the very beginning of its work, structuring of the market access i.e. the procedural aspects became a hotly debated issue in the discussions of the Negotiating Group. India and the Africa group initially argued that Doha Declaration did not prescribe a deadline for modalities or negotiating formulas; the EC on the other hand was pushing for a deadline of March 31, 2003 to agree on modalities. Subsequent to protracted and intensive consultations, members agreed in July, 2002 to reach a common understanding on a possible outline on modalities by the end of March, 2003 with a view to reaching agreement on modalities by May 31, 2003.

The emerging tension in the debate around the issue of modality is becoming increasingly evident from the proposals submitted by the various countries. Many developing countries and LDCs are not yet ready to liberalise their markets in a linear fashion fearing import surge, deindustrialisation and revenue loss. On the other hand, a formula approach is perceived to be a more convenient and expeditious way for reaching an agreement within a short time frame (such as the January 1, 2005 deadline for the Doha Round). India, China and Kenya seem to prefer the request-offer approach, while South Korea and Japan have expressed preference for the formula approach. EC submission indicates some flexibility, noting that while there are different ways to reducing tariffs, “the modality to be chosen has to bring about the greatest possible reduction across the board for all the WTO Members”.

Some of the proposals which prefer the formula approach have lent their support to the one that apply on a line by line basis, whilst others support a reduction in the average tariff. Some of the proposals have supported the ‘Swiss-formula with different coefficients’ as a possible modality. China has proposed a uniform formula for tariff reduction. The submission by the group of LDCs proposes adoption of ‘a cocktail approach’ under which agreement could be reached on the ‘different types of modalities which would be used by taking into account the stages of development among countries’.

India has come out in support of a percentage cut on bound tariffs of each member; additionally, members are not to impose a tariff on any product in excess of three times their average tariffs. For developed countries the reductions are to be higher, whilst in determining the reductions schedule for developing countries, their dependence on customs revenues will need to be considered. It needs to be recognised that most of the submissions take into cognisance the concerns of special and differential treatment. Whilst the developing and LDCs have emphasised this in their proposals, this recognition is equally applicable with respect to suggestions put forward by developed countries. As was mentioned earlier, the proposal submitted by EC shows some flexibility. The US proposal states that ‘once members have secured agreement on the modalities, they should turn to more precise and customised approaches to ensure participation by developing countries consistent with their individual needs.

Proposals that support adoption of the formula approach suggests that the reduction rates could be varied between developed and developing countries; in case of the Swiss formula the coefficients could be applied in a differential manner. A number of proposals speak of the need to take cognisance of the following in selecting the formula: (a) dependence of the economy on customs revenues, (b) interest of infant industries in DCs and LDCs and (c) sectors of particular export interest to DCs and LDCs.

Bangladesh's Interest and Proposed Stance: Once the modalities are firmed up, these will provide the building blocs for decision making in Cancun and beyond. The reference points as regards outline and agreement on modalities have now been stated for end-May, 2003. Accordingly, it will be in Bangladesh's interest to seriously start thinking on which of the modalities would best serve her interests from the vantage point of market access to both developed and developing countries.

Bangladesh should ensure that tariffs are reduced to a certain targetted level by taking cognisance of the stage of development of individual countries and their competitive strength, which is the proposal submitted by the group of LDCs. The strategy for Bangladesh as well as other LDCs should be to take as few commitments as possible by taking advantage of S and D provisions and argue for deeper cuts by non-LDC members. Although some submissions refer to a *request-offer approach*, it appears that this approach would be extremely complex, and it will be difficult to come to an agreement before January 01, 2005 if such an approach is accepted. Bangladesh, however, may support the suggestion that supplementary approaches may be considered after the core modality has been finalised in order to ensure that LDC interests are safeguarded.

Formula Approach and its Implications for Bangladesh's Market Access: Results from a Simulation Exercise

As is known, Bangladesh receives preferential access to markets of developed countries under the various GSP Schemes. USA is the only major market, accounting for about two-fifths of her global exports where preferential access is negligible as is shown in Table 3 and Table 4. In the EU, Bangladesh now enjoys duty-free access for virtually all products thanks to the everything but arms initiative of the EU (EU-EBA); however, this is subject to the fulfilment of strict rules of origin (RoO) which allow only about 40% of her export to take the advantage of the GSP facilities.

In Tables 3 and 4 we have presented results of a simulation exercise carried out for this study. The tables show the reductions in imports tariffs which Bangladesh's exports will experience in the markets of USA and the US under *various scenarios* of tariff cut in the context of (a) *linear formula,* (b) *Swiss-formula.*

It is seen from the two tables that Bangladesh stands to gain substantially from deeper cuts in tariffs, particularly in the US market whether through higher percentage in linear cuts or higher coefficients in the Swiss Formula. For example, under the three scenarios presented in Table-1, for top 13 products, import duties on Bangladesh's exports in the US market, currently standing at $116.6 million will be reduced to $104.9 million, $87.4 million and $58.3 million after applying the linear tariff cut at 10%, 25% and 50% respectively. If the Swiss formula is accepted as the modality, under varying degree of coefficients (10%, 25% and 50%) the tariffs on imports from Bangladesh stand to be reduced to the level of $53.9 million, $79.2 million and $94.1 million respectively. Similarly, in the EU the current tariffs, at $92.3 million, will be substantially reduced if deeper cuts take place either through linear formula or Swiss formula. Obviously, the higher the percentage of reduction in linear formula and the lower the coefficient in the

Swiss formula, the more substantive will be the impact in terms of Bangladesh's market access to the developed countries.

As an LDC Bangladesh should argue that its tariffs have been substantially reduced under autonomous liberalisation and she should be accorded S&D treatment, in view of revenue implications of tariff reduction and also in order to safeguard interest of domestic industries. If she is to undertake reduction commitment she should seek flexibility in application so that interest of sensitive sectors are protected. Thus, her strategy here is two-fold: support the LDC proposal, take as little commitment as possible and support proposals for deeper tariff cuts by developed and developing countries.

Bangladesh may also consider supporting the elimination of *'nuisance (low) tariffs'*. A proposal to this effect, submitted by Norway, asks for supplementing the *formula* with a *floor* whereby all rates which would be below the floor as a result of using the formula would be set at zero. However, this should be delimited to only developed country tariffs.

2.2 Product Coverage

The Issues Under Consideration: One of the most debated areas in the agenda of the NGMA relates to the coverage of products which should be subject to negotiations in the NGMA. Most of the proposals submitted to the NGMA speak of comprehensive or broad product coverage without *a priori* exclusions.

State and Scope of the Debate: There is a common approach in most of the submissions to the effect that all non-agricultural commodities should be brought to the negotiating table for the purpose of tariff reduction. Some proposals speak of elimination of tariffs on all non-agricultural products, at least in the OECD countries. A number of submissions provide that developed members should set an objective to eliminate tariffs within a certain specified period following an initial one-off reduction subsequent to the conclusion of the Doha Round. Most of the submissions provide that developing countries and LDCs should have more strategically important flexibility in terms of not binding the tariff lines which are sensitive in terms of revenue mobilisation or protection purpose.

Developing countries such as India are calling for flexibility in product coverage on the ground of special needs and interests. The Caribbean countries such as Jamaica, Trinidad and Tobago have argued in their submission that the phrase without *a-priori exclusion* is being interpreted as providing a built-in flexibility to exclude certain products. There are debates, however, as to which sectors and goods should be considered 'sensitive'.

Bangladesh's Interest and Proposed Stance: Bangladesh should forcefully argue that this is an area where S&D treatment for LDCs will be highly necessary and most relevant. A large part of Bangladesh's tax revenues is generated through customs duties and certain sectors have to be accorded protection through tariffs. So whilst she should support initiatives to bring all non-agricultural goods originating from the developed countries, on board the discussion on market access, LDCs should be accorded the flexibility and choice to select goods which should not be considered for tariff reduction commitments.

Table 3: Bangladesh's Access to Us Market: Scenarios under Linear Reduction Formula and Swiss Formula

(In Million US$)

MTN Category	HS code	Product Description	BD's Total X	USA					Final Tariff After Applying Linear Reduction Formula on the MFN Applied Rate (%)			Tariffs (In Million US$) that Have to be Paid on Imports from BD After Applying Linear Reduction Formula on the MFN Applied Rate		
				Import from BD	MFN Applied Rate (%)	GSP Rate (%)	LDC Rate (%)	Tariffs That Have to be Paid on Imports from BD (Using LDC rate)	10% Cut	25% cut	50% cut	10% Cut	25% cut	50% cut
Textile and clothing	620520	Men's or boys' shirts of cotton	462.55	192.07	14.6	14.6	14.6	28.0	13.14	10.95	7.3	25.24	21.03	14.02
Textile and clothing	620342	Men's or boys' trousers, breeches, etc, of cotton	277.60	146.93	9.8	9.8	9.8	14.4	8.82	7.35	4.9	12.96	10.80	7.20
Textile and clothing	650590*	Hats and other headgear, knitted or crocheted, or made from lace, etc	139.93	132.39	7.5	7.5	7.5	9.9	6.75	5.625	3.75	8.94	7.45	4.96
Textile and clothing	620462	Women's or girls' trousers, breeches, etc, of cotton	192.49	130.73	8.8	8.8	8.8	11.5	7.92	6.6	4.4	10.35	8.63	5.75
Fish and fish products	030613	Frozen shrimps and prawns	278.3	111.64	0	0	0	0.0	0	0	0	0.00	0.00	0.00
Textile and clothing	620630	Women's or girls' blouses, shirts, etc, of cotton	118.89	91.67	9.5	9.5	9.5	8.7	8.55	7.125	4.75	7.84	6.53	4.35
Textile and clothing	620193*	Men's or boys' anoraks, wind-cheaters, etc, of man-made fibres	163.92	67.02	14	14	14	9.4	12.6	10.5	7	8.44	7.04	4.69
Textile and clothing	611030	Jerseys, pullovers, etc, of man-made fibres, knitted or crocheted	337.15	66.34	15.6	15.6	15.6	10.3	14.04	11.7	7.8	9.31	7.76	5.17
Textile and clothing	610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	57.00	51.19	7.8	7.8	7.8	4.0	7.02	5.85	3.9	3.59	2.99	2.00
Textile and clothing	611020	Jerseys, pullovers, etc, of cotton, knitted or crocheted	103.54	49.63	11.6	11.6	11.6	5.8	10.44	8.7	5.8	5.18	4.32	2.88
Textile and clothing	620343*	Men's or boys' trousers, breeches of synthetic fibres	68.58	48.26	12.2	12.2	12.2	5.9	10.98	9.15	6.1	5.30	4.42	2.94
Textile and clothing	621142	Women's or girls' garments of cotton, nes	36.78	33.52	8.3	8.3	8.3	2.8	7.47	6.225	4.15	2.50	2.09	1.39
Textile and clothing	610510	Men's or boys' shirts of cotton, knitted or crocheted	85.48	28.91	20.2	20.2	20.2	5.8	18.18	15.15	10.1	5.26	4.38	2.92
Total of 13 Products			2322.19	1150.30				116.58				104.92	87.43	58.29
All Products**			3990	1926.33										
Share of 13 Products (%)			*58.20*	*59.71*										

(Table-3 contd.)

(In Million US$)

MTN Category	HS code	Product Description	Final Tariff After Applying Simple Swiss Formula (SSF) on the MFN Applied Rate (%)			Tariffs (In Million US$) that Have to be Paid on imports from BD After Applying SSF on the MFN Applied Rate			Tariff Reduction After Applying Linear Reduction Formula on the MFN Applied Rate (%)			Tariff Reduction After Applying Simple Swiss Formula on the MFN Applied Rate (%)		
			Coefficient, a=10%	Coefficient, a=25%	Coefficient, a=50%	Coefficient, a=10%	Coefficient, a=25%	Coefficient, a=50%	10% Cut	25% cut	50% cut	Coefficient, a=10%	Coefficient, a=25%	Coefficient, a=50%
Textile and clothing	620520	Men's or boys' shirts of cotton	5.93	9.22	11.30	11.40	17.70	21.70	2.80	7.01	14.02	16.64	10.34	6.34
Textile and clothing	620342	Men's or boys' trousers, breeches, etc, of cotton	4.95	7.04	8.19	7.27	10.34	12.04	1.44	3.60	7.20	7.13	4.05	2.36
Textile and clothing	650590*	Hats and other headgear, knitted or crocheted, or made from lace, etc	4.29	5.77	6.52	5.67	7.64	8.63	0.99	2.48	4.96	4.26	2.29	1.30
Textile and clothing	620462	Women's or girls' trousers, breeches, etc, of cotton	4.68	6.51	7.48	6.12	8.51	9.78	1.15	2.88	5.75	5.39	3.00	1.72
Fish and fish products	030613	Frozen shrimps and prawns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Textile and clothing	620630	Women's or girls' blouses, shirts, etc, of cotton	4.87	6.88	7.98	4.47	6.31	7.32	0.87	2.18	4.35	4.24	2.40	1.39
Textile and clothing	620193*	Men's or boys' anoraks, wind-cheaters, etc, of man-made fibres	5.83	8.97	10.94	3.91	6.01	7.33	0.94	2.35	4.69	5.47	3.37	2.05
Textile and clothing	611030	Jerseys, pullovers, etc, of man-made fibres, knitted or crocheted	6.09	9.61	11.89	4.04	6.37	7.89	1.03	2.59	5.17	6.31	3.98	2.46
Textile and clothing	610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	4.38	5.95	6.75	2.24	3.04	3.45	0.40	1.00	2.00	1.75	0.95	0.54
Textile and clothing	611020	Jerseys, pullovers, etc, of cotton, knitted or crocheted	5.37	7.92	9.42	2.67	3.93	4.67	0.58	1.44	2.88	3.09	1.82	1.08
Textile and clothing	620343*	Men's or boys' trousers, breeches of synthetic fibres	5.50	8.20	9.81	2.65	3.96	4.73	0.59	1.47	2.94	3.24	1.93	1.15
Textile and clothing	621142	Women's or girls' garments of cotton, nes	4.54	6.23	7.12	1.52	2.09	2.39	0.28	0.70	1.39	1.26	0.69	0.40
Textile and clothing	610510	Men's or boys' shirts of cotton, knitted or crocheted	6.69	11.17	14.39	1.93	3.23	4.16	0.58	1.46	2.92	3.91	2.61	1.68
Total of 13 Products						53.90	79.14	94.10	11.66	29.14	58.29	62.68	37.43	22.47
All Products**														
Share of 13 Products (%)														

Note: (a) * Specific Duties are applicable
(b) The Import/Export figures are average annual value over the period 1997-99
(c) Data: Compiled From DOTS, 2000, all other data compiled from WTO (WT/LDC/SWG/IF/14/Rev. 1/Add. 1)

Table 4: Bangladesh's Access to EU Market: Scenarios under Linear Reduction Formula and Swiss Formula

(In Million US$)

MTN Category	HS code	Product Description	BD's Total X	EU						Final Tariff After Applying Linear Reduction Formula on the MFN Applied Rate (%)			Tariffs (In Million US$) that Have to be Paid on Imports from BD After Applying Linear Reduction Formula on the MFN Applied Rate		
				Import from BD	MFN Applied Rate (%)	GSP Rate (%)	LDC Rate (%)	Effective MFN rate for BD Considering RoO Restriction for RMG* (%)	Tariffs That Have to be Paid on Imports from BD (Based on Effective MFN Rate for BD)	10% Cut	25% cut	50% cut	10% Cut	25% cut	50% cut
Textile and clothing	610910	T-shirts, singlets and other vests, of cotton, knitted or crocheted	383.17	353.23	12	10.2	0	2.4	8.48	2.16	1.80	1.20	7.63	6.36	4.24
Textile and clothing	611030	Jerseys, pullovers, etc, of man-made fibres, knitted or crocheted	337.15	251.14	12.5	10.6	0	2.5	6.28	2.25	1.88	1.25	5.65	4.71	3.14
Textile and clothing	620520	Men's or boys' shirts of cotton	462.55	249.91	12	10.2	0	9.6	23.99	8.64	7.20	4.80	21.59	17.99	12.00
Textile and clothing	620530	Men's or boys' shirts of man-made fibres	200.72	183.87	12	10.2	0	9.6	17.65	8.64	7.20	4.80	15.89	13.24	8.83
Textile and clothing	620342	Men's or boys' trousers, breeches, etc, of cotton	277.60	116.22	12.8	10.8	0	10.24	11.90	9.22	7.68	5.12	10.71	8.93	5.95
Fish and Fish Products	030613	Frozen shrimps and prawns	278.30	87.93	13.2	7	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Textile and clothing	620193	Men's or boys' anoraks, wind-cheaters, etc, of man-made fibres	163.92	71.11	12.8	10.8	0	10.24	7.28	9.22	7.68	5.12	6.55	5.46	3.64
Textile and clothing	620293	Woman's or girls' anoraks, wind-cheaters, etc, of man-made fibres	108.96	57.29	12.8	10.8	0	10.24	5.87	9.22	7.68	5.12	5.28	4.40	2.93
Textile and clothing	620462	Women's or girls' trousers, breeches, etc, of cotton	192.49	53.15	12.8	10.8	0	10.24	5.44	9.22	7.68	5.12	4.90	4.08	2.72
Textile and clothing	610510	Men's or boys' shirts of cotton, knitted or crocheted	85.48	49.55	12	10.2	0	2.4	1.19	2.16	1.80	1.20	1.07	0.89	0.59
Textile and clothing	611020	Jerseys, pullovers, etc, of cotton, knitted or crocheted	103.54	45.61	12.5	10.6	0	2.5	1.14	2.25	1.88	1.25	1.03	0.86	0.57
Textile and clothing	620640	Women's or girls' blouses, shirts, etc, of man-made fibres	49.42	29.37	12.8	10.8	0	10.24	3.01	9.22	7.68	5.12	2.71	2.26	1.50
Textile and clothing	530720	Multiple or cabled yarn of jute or of other textile bast fibres of 53.03	53.82	29.31	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total of 13 Products			2697.11	1577.68					92.23				83.00	69.17	46.11
All Products**			3990	1946.43											
Share of 13 Products (%)			67.60	81.06											

Table 4: Bangladesh's Access to EU Market: Scenarios under Linear Reduction Formula and Swiss Formula (Contd.)

(In Million US$)

MTN Category	HS code	Product Description	Final Tariff After Applying Simple Swiss Formula (SSF) on the MFN Applied Rate (%)			Tariffs (In Million US$) that Have to be Paid on Imports from BD After Applying SSF on the MFN Applied Rate			Tariff Reduction After Applying Linear Reduction Formula on the MFN Applied Rate (%)			Tariff Reduction After Applying Simple Swiss Formula on the MFN Applied Rate (%)		
			Coefficient, a=10%	Coefficient, a=25%	Coefficient, a=50%	Coefficient, a=10%	Coefficient, a=25%	Coefficient, a=50%	10% Cut	25% cut	50% cut	Coefficient, a=10%	Coefficient, a=25%	Coefficient, a=50%
Textile and clothing	610910	T-shirts, singlets and other vests, of cotton, knitted or crocheted	1.94	2.19	2.29	6.84	7.74	8.09	0.85	2.12	4.24	1.64	0.74	0.39
Textile and clothing	611030	Jerseys, pullovers, etc, of man-made fibres, knitted or crocheted	2.00	2.27	2.38	5.02	5.71	5.98	0.63	1.57	3.14	1.26	0.57	0.30
Textile and clothing	620520	Men's or boys' shirts of cotton	4.90	6.94	8.05	12.24	17.33	20.13	2.40	6.00	12.00	11.75	6.66	3.86
Textile and clothing	620530	Men's or boys' shirts of man-made fibres	4.90	6.94	8.05	9.01	12.75	14.81	1.77	4.41	8.83	8.65	4.90	2.84
Textile and clothing	620342	Men's or boys' trousers, breeches, etc, of cotton	5.06	7.26	8.50	5.88	8.44	9.88	1.19	2.98	5.95	6.02	3.46	2.02
Fish and Fish Products	030613	Frozen shrimps and prawns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Textile and clothing	620193	Men's or boys' anoraks, wind-cheaters, etc, of man-made fibres	5.06	7.26	8.50	3.60	5.17	6.04	0.73	1.82	3.64	3.68	2.12	1.24
Textile and clothing	620293	Woman's or girls' anoraks, wind-cheaters, etc, of man-made fibres	5.06	7.26	8.50	2.90	4.16	4.87	0.59	1.47	2.93	2.97	1.70	1.00
Textile and clothing	620462	Women's or girls' trousers, breeches, etc, of cotton	5.06	7.26	8.50	2.69	3.86	4.52	0.54	1.36	2.72	2.75	1.58	0.93
Textile and clothing	610510	Men's or boys' shirts of cotton, knitted or crocheted	1.94	2.19	2.29	0.96	1.09	1.13	0.12	0.30	0.59	0.23	0.10	0.05
Textile and clothing	611020	Jerseys, pullovers, etc, of cotton, knitted or crocheted	2.00	2.27	2.38	0.91	1.04	1.09	0.11	0.29	0.57	0.23	0.10	0.05
Textile and clothing	620640	Women's or girls' blouses, shirts, etc, of man-made fibres	5.06	7.26	8.50	1.49	2.13	2.50	0.30	0.75	1.50	1.52	0.87	0.51
Textile and clothing	530720	Multiple or cabled yarn of jute or of other textile bast fibres of 53.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total of 13 Products						51.53	69.42	79.03	9.22	23.06	46.11	40.70	22.81	13.20
All Products**														
Share of 13 Products (%)														

Note: (a) The Import/Export figures are average annual value over the period 1997-99
(b) * To calculate the effective MFN rate for Bangladesh we made the following assumption: For Knit RMG the GSP Utilisation rate is assumed to be 80% while for Woven RMG it is only 20%
(c) Data: ** BD's Total Export Compiled From DOTS,2000 and EU's M from BD and World Compiled from Eurostat, all other data compiled from WTO (WT/LDC/SWG/IF/14/Rev. 1/Add. 1)

2.3 Tariff Peaks, Tariff Escalation, and Tariff Reduction

The Issues Under Consideration: Tariff peaks refer to the continuing existence of high tariffs on a number of commodities inspite of the overall reduction in the average tariff rates agreed during the Doha Round. On the other hand, tariff escalation refers to higher levels of tariffs with increased degree of processing. Both tariff peaks and tariff escalation create market access barriers in countries which take resort to these practices, as also happens when average tariff rates continue to remain at high levels.

State and Scope of the Debate: Inspite of the overall reduction in the tariff rates, many developing countries are concerned about the tariff peaks and tariff escalation which continue to inform the tariff structure of the developed countries. A number of countries including India and China have argued that high value-added products from developing countries are being subjected to higher tariffs because of existing tariff peaks. The European Union and Japan have underscored the need to reduce tariff peaks, but have not explicitly come out in favour of reduction in tariff escalation. It is to be noted here that discussion on reduction of tariffs principally concerns *bound tariffs*, and not *applied tariffs*. For countries which were able during the Uruguay Round to bound their tariffs at high levels compared to applied tariffs, the immediate impact of reduction in the tariff rates will obviously have limited value.

Some of the proposals have asked for a cap on maximum level of tariffs. There are some disagreements as to what should be considered as high tariff, tariff peak or tariff escalation. A distinction in being made between *international peak* (usually identified by using a fixed percentage) and *national peak* (agreed fixed number of times the average national tariff rate). Some submissions have argued that tariff peak be considered as tariff rate which is three times more than the simple average tariff level and that following agreements on a definition, an average reduction of certain percentage be agreed upon. One proposal which was submitted by a group of countries including India has argued that the modalities to be agreed for tariff reduction should incorporate mechanisms to eliminate tariff peaks and tariff escalation. It has been argued by a number of developing countries that tariff peaks, tariff escalation and high tariffs be eliminated on products of export interest to developing countries and LDCs, on a priority basis.

Bangladesh's Interest and Proposed Stance: A number of products of Bangladesh's export interest are subjected to tariff escalation, tariff peaks and high tariffs in the developed country markets and also markets of some of the developing countries. These relate to leather, apparels, fish products. It will be in Bangladesh's interest to argue for accelerated elimination of tariff peaks, tariff escalation and high tariffs on these group of commodities of export interest, on a priority basis. At the same time she should be careful that LDCs are allowed to retain relatively high level of tariffs on products which have implications for revenue and domestic industrialisation. She may consider supporting the proposal to bringing highest tariffs in developed countries to a certain level (three times the national average) specially for products of export interest to LDCs.

It will be in Bangladesh's interest to ask for reduction in tariff peaks and tariff escalation in all the non-LDC economies, including developed and developing countries. This is to be implemented on a non-reciprocal basis under the S and D treatment for the LDCs.

Bangladesh should support the argument made by some of the WTO members that the precedent set by the UR should be followed, and developing countries and LDCs should be allowed to implement tariff commitments over a longer period of time compared to

developed countries. The duration should depend on stage of development and extent of commitments. If the Indian proposal is to extend the period by ten years, it is only logical that for LDCs it should be longer.

Whilst accepting the need for a more protracted period for tariff reduction by developing countries and LDCs, some of the submissions have called for setting a common overall target reduction rate. Bangladesh should not support such a proposal as this may result in commitments to further liberalise her tariff rates from the already low levels existing at present. Bangladesh should also oppose the idea of elimination of all tariffs as the objective of current negotiations, even under a protracted time frame. Bangladesh should stress that proposals, such as the one submitted by the US, to eliminate all remaining tariffs in the form of linear cuts from 2010 to 2015 should be considered only in the context of tariff reductions in the developed countries. In this context, Bangladesh may support the proposal submitted by a number of countries such as Singapore and EC to the effect that there should be different time tables for implementation of tariff commitments depending on status of member and level of results.

US Zero Tariff Proposal

As is known, US Trade negotiator Robert Zoellick submitted a proposal which envisages effective elimination of all industrial tariffs in two phases: in the first phase, by 2010, tariffs which are of 5 per cent or less along with tariffs on highly traded goods to be eliminated by 2010, whilst tariffs all remaining are to be reduced to eight per cent; in the second phase, all remaining tariffs are to be reduced to zero. This initiative will be complemented by reduction in NTBs a list of which was to be prepared by the USA and submitted. Though radical, and would have substantially accelerated the market liberalisation in industrial goods, the proposal should not be supported by Bangladesh: the proposal requires all countries, irrespective of their levels of development, to undertake commitments in equal measures; developing countries will bear a disproportionate burden if the proposal is accepted; since agricultural tariffs remains untouched, market access of products of interest to developing countries and LDCs will continue to face difficulties whilst their domestic industries are likely to face increased competition from industrial goods coming from developed countries. India and Brazil and even the EU have come out against this proposal. In case in future negotiations on market access for industrial goods this, or a modified proposal, come under discussion, Bangladesh should stress that the LDCs are accorded and S&D treatment be allowed to stay out of any such commitments.

2.4 Credit for Autonomous Liberalisation

The Issues Under Consideration: A number of countries have undertaken tariff liberalisation on their own, outside of the WTO discipline and not mandated by it. Such autonomous liberalisation need to be given due recognition and credit.

State and Scope of the Debate: There is a growing recognition that many countries have undertaken tariff reforms outside of their WTO commitments. Many developing countries have implemented autonomous tariff reduction under their ongoing domestic reform agendas. A number of submissions, notably by Norway, have called for ways to acknowledge autonomous tariff reductions which contribute towards liberalising international trade. EC appears to take a cautious approach to this issue. The EC emphasised that it is ready to discuss guidelines concerning the assessment of credit for autonomous liberalisation since the end of the UR or during the DDR provided final rates are bound in the WTO.

Bangladesh's Interest and Proposed Stance: Bangladesh should support discussion on modalities to give credit to autonomous liberalisation. She should support the proposal by Barbados and other countries which call for modalities to be developed for giving credit to developing countries for autonomous liberalisation, on an urgent basis.

2.5 Compensation for Loss of Preferential Margins

The Issues Under Consideration: As the tariff levels are brought down as a result of multilateral negotiations, the preferential margins enjoyed by developing countries and LDCs under the various GSP Schemes are set to suffer serious erosion. As a result, many developing countries and LDCs will lose competitive edge in the developed country markets. There is a genuine concern in this respect, and a strong case is being made to take measures to compensate these countries.

State and Scope of the Debate: A number of proposals have been submitted to the NGMA which argues that compensatory measures be put in place to mitigate any erosion in preferential market access as a result of negotiations in the area of tariff reduction. Mauritius has come up with a suggestion that a 'Competitiveness Fund' on the basis of contribution from the international financial institutions be set up to enable those countries to undertake competitive adjustment. A proposal submitted by Barbados and some other countries also call for positive measures to mitigate against loss of preferential market access. Egypt, India and some other developing countries have suggested that appropriate mechanisms should be developed to respond to such situation.

Bangladesh's Interest and Proposed Stance: Obviously, Bangladesh is one of the countries which stands to gain from this proposal. Bangladesh is a beneficiary of all the major functional GSP Schemes. She has seen her preferential margin gradually being eroded as a result of the ongoing trade liberalisation, both under the WTO mandate and as a result of autonomous liberalisation in the developed countries. Compensatory measures to mitigate the loss of preferential margin will assist her in her endeavours towards competitive adjustment.

2.6 Market Access for Environmental Goods

The Issues Under Consideration: Environmental goods were not been included in the UR discussions since a larger number of countries were reluctant to widen the ambit of goods to be brought under multilateral discipline in the WTO. However, other countries wanted to discuss were interested to open discussion on market access for environmental goods. Paragraph 31 (iii) of the Doha declaration envisages that negotiations on environmental goods be conducted in the NGMA for Non-Agricultural products. As the progress of negotiations shows, two issues are involved here: (i) environment-friendly goods, (ii) goods that improve environment-friendly production.

State and Scope of the Debate: The discussion held on this issue already demonstrates the emerging tensions. One contentious issue relates to the treatment of environmental goods. The opinion of some of the participants is that environmental goods should be treated in the same way as other goods, whilst others have interpreted paragraph 31 (iii) of the Doha Declaration as calling for special treatment for environmental goods which allow for deeper cuts. It emerges from the discussions held so far that there is no unifying definition of environmental goods. At least three approaches are discernible: (a) using the criteria of production and process methods; (b) use of end-use criteria and (c) a flexible approach that promotes trade in environment friendly goods in a manner 'which was voluntary, market based and WTO compatible'. A number of submissions have been made which

highlight the issue of goods that should be considered as environmental goods, although other members have stated that such goods can only serve as 'useful inputs' but not as the 'basis for discussion' on environmental goods. Some developed countries are trying to broaden the ambit of the market access debate in the Negotiating Group. Thus, the submission by the USA calls for greater coordination between the Committee on Trade and Environment (CTE) and the Market Access Group to ensure greater market access for environmental goods. The inherent danger here, for countries such as Bangladesh, is that once enhanced market access for environmental goods is agreed upon, exports of LDC industrial products to the developed country markets may be subsequently subjected to environmental standards. Malaysia and a number of other countries have cautioned against this possible development. The EU would like to include goods which were produced in an environmental-friendly way, thus also bringing the process issues into trade dispute. Many of the developing countries are opposing this stance. Cairns group is divided on this with Australia favouring and some of the other group members opposing. As a counterweight to EC's position some of the other countries including Chile is trying to promote organic goods for favourable market access, on environmental grounds. Some countries are trying to promote the idea of formulating a definition of 'environmental goods' whilst others are opposing it.

Bangladesh's Interest and Proposed Stance: It will not be in the interest of the LDCs to support attempts to widen the discourse on definition. It appears that inclusion of the PPM issues may not be in the best interest of the LDCs since it may potentially be used as a market access barrier. Bangladesh may support the suggestion that substantive discussion on this issue should start after a decision on modalities is reached by the members, following which discussion could be initiated on whether deeper cuts on environmental goods were actually required.

2.7 Non-Tariff Barriers (NTBs) and Technical Barriers to Trade (TBTs)

The Issues Under Consideration: A number of countries wanted the Negotiating Group on Market Access to pay priority attention to the issue of NTBs since in many instances these not only pose serious threat to further liberalisation of trade in goods, but also undermine the efficacy of earlier agreed provisions. Three issues are involved here: (a) identification of the NTBs, (b) which of the NTBs to be addressed and (c) identify mechanisms for their removal. The issue of *legitimate rights* to impose NTBs has also been raised. As can be seen from the Note circulated by the Secretariat on NTBs, in all eighteen submissions have been made in this connection, six of these deal exclusively with NTBs and twelve others deal with the issue in connection with general submissions on modalities. These proposals relate to four areas: (a) dispute settlement, (b) request/offer, bilateral and plurilateral, (c) vertical or sectoral approaches and (d) horizontal or multilateral approaches.

State and Scope of the Debate: Many developing countries have argued that the Negotiating Group should clearly identify the various categories of non-tariff measures, and list particular NTBs under each category. India, New Zealand and Korea are most vocal in this regard. In the context of market access difficulties faced by Bangladesh because of NTBs, she has important stakes in these discussions. The discussion here has marked some progress. The Negotiating Group has come up with an inventory of the NTBs in place. These have been categorised under five headings: (a) Government Participation in Trade, and Restrictive Practices Tolerated by Governments; (b) Customs and Administrative Entry Procedures; (c) Technical Barriers to Trade; (d) Specific

Limitations; (e) Charges on Import. An inventory of NTBs identified by NGMA is presented in Box-3). There has been discussion also as regards mutual recognition of regulations and conformity compliance with participation of major stakeholders including governments, regulators and the private sector.

Bangladesh's Interest and Proposed Stance: Bangladesh has high interest in the discussion on NTBs. A number of her exports, most prominently major exports such as apparels and shrimp have been subjected to various NTBs, both in the markets of developed countries such as the USA, and also developing countries such as India. The strategy for Bangladesh and other LDCs here should be to come up with proposals which identify the NTBs in the developed economies which LDCs would like to see removed on a priority basis. LDCs such as Bangladesh should cite *'real life cases'* to show how the NTBs have constrained their access to developed country markets. An issue which Bangladesh and LDCs will need to seriously consider is that market access barriers are not confined to develop country markets. Many exports from LDCs also face NTBs in some of the developing country markets and this should also come under discussion in the NGMA.

Since the major categories of NTBs have been identified, the emphasis should now be to compile comprehensive data with regard to NTBs. Bangladesh should also raise the issue of 'hidden and invisible NTBs' that need to be identified, a point raised by Mauritius in one of its submissions. Potential benefits of market access opportunities offered by developed and developing countries to the LDCs may be seriously undermined and frustrated because of behind the border trade obstacles. Bangladesh should emphasise that there should be a distinction between non-tariff measures that are legitimate to safeguard genuine national interests on grounds of public safety, health, security, consumer protection, and those that serve protectionist design. These need to be identified and removed.

Technical barriers to trade are likely to turn into crucially important market access barriers for exports from developing countries but particularly the LDCs. Many of the market access opportunities are likely to suffer substantial erosion because of TBTs; TBTs may also undermine competitiveness of exportables from LDCs when firms are compelled to undertake initiatives to ensure compliance. For example, a recent study shows that the cost of compliance with eco-labelling schemes by Indian footwear exporters may be 33 per cent of the export price. Whist some of the more advanced developing countries do have significant in-house capacity to deal with the emerging concerns, the market access of LDCs is likely to be seriously jeopardised because of emerging proliferation of TBTs and their low capacities in the relevant areas of compliance. This is emerging as a major area of concern for Bangladesh. Bangladesh should argue during the Cancun Ministerial that the developed countries undertake concrete commitments in support of putting in place the supply side capacities in the LDCs with a view to addressing the TBTs.

BOX 3: INVENTORY OF NON-TARIFF MEASURES AS IDENTIFIED BY THE NEGOTIATING GROUP ON MARKET ACCESS

Parts and Sections	Description
Part I A B C D E	*Government Participation in Trade and Restrictive Practices Tolerated by Governments* Government aids Countervailing duties Government procurement Restrictive practices tolerated by governments State trading, government monopoly practices, etc.
Part II A B C D E F G	*Customs and Administrative Entry Procedures* Anti-dumping duties Valuation Customs classification Consular formalities and documentation Samples Rules of origin Customs formalities
Part III A B C	*Technical Barriers to Trade* General Technical regulations and standards Testing and certification arrangements
Part IV A B C D E F G H I J K L	*Specific Limitations* Quantitative restrictions and import licensing Embargoes and other restrictions of similar effect Screen-time quotas and other mixing regulations Exchange control Discrimination resulting from bilateral agreements Discriminatory sourcing Export restraints Measures to regulate domestic prices Tariff quotas Export taxes Requirements concerning marking, labelling and packaging Others
Part V A B C D E F	*Charges on Import* Prior import deposits Surcharges, port taxes, statistical taxes, etc. Discriminatory film taxes, use taxes, etc. Discriminatory credit restrictions Border tax adjustments Emergency action

Source: Communiqué of Negotiating Group on Market Access.

It is becoming increasingly clear that without technical assistance the potential market opportunities cannot be realised on the ground. There is a need to more meaningfully implement the Integrated Framework (IF) initiative to enhance LDC capacities in this regard. Support to enable LDCs to fight out market access constraining measures in the form of CVD, ADD and TBT is also becoming increasingly important. Concrete measures favouring transfer of technology to LDCs is of high relevance in this respect. As a matter of fact, a proposal by Bangladesh as regards obligations of developed country members in providing incentives to their enterprises and institutions under TRIPS Provision 66.2 puts forward the idea of *evaluation on monetary basis* in terms of establishing correlation between the particular regime of incentives and the obligations under Article 66.2. Concrete commitment in these areas will enable Bangladesh and others both in terms of enhancing capacities for greater market access and also in addressing market access constraining TBTs in place in developed countries.

2.8 Market Access for Agricultural Goods

The Issues Under Consideration: It appears that market access negotiations in agriculture which relate to all the three pillars of *tariffs, export subsidies* and *domestic support*, will be one of the *deal makers or (deal breakers)* of the Doha Development Round and is yet to be at the centre of discussion at the Fifth Ministerial in Cancun. Commitments negotiated under the Agreement on Agriculture (AoA) in the UR envisaged that all NTBs will be tariffied and the existing and newly introduced tariffs will be reduced by 36% over a period of six years (24% by developing countries over a period of 10 years). It is to be noted that tariff reduction approach followed here was a *line by line approach* with the minimum level of reduction being (with some exception) 15% for developed and 10% for developing countries. Commitments were also made in terms of subsidies and domestic support.

Paragraph 13 and 14 of the Doha Ministerial Declaration state: “We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 members. We recall the long-term objective referred to in the Agreement to establish a fair and marker-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets”. The Declaration goes on to say about “Commitments to comprehensive negotiations aimed at substantial improvements in market access; reduction of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support”. It was stated that modalities for further commitments, including provisions for S&D treatment “shall be established no later than March 31, 2003”. The modalities were expected to set the parameters of the final agreement to be reached by January 01, 2003.

Paragraph 14 of Doha Declaration stipulates that, “Modalities for further commitments, including provisions for S&D treatment shall be established no later than March 31, 2003”. Participants were expected to submit their comprehensive draft schedules based on these modalities no later than the Fifth Session of the Ministerial Conference.

The revised draft on modalities prepared by the Chairman, Mr. Harbinson was circulated on March 18, 2003 in advance of the special session to be held on March 25-31, 2003. That the member countries could not arrive at a consensus by the end of the deadline on a framework for future agriculture trade reform is a proof of the complexity of the issues and diversity of interest which inform the discourse on market access for agricultural goods.

The aforementioned summary articulates the general understanding of the Chairman about the market access commitments expected from the members. Tariffs, other than in-quota tariffs, are to be reduced by a simple average for all agricultural products subject to a minimum reduction per tariff line. The base for the reduction was to be the final bound tariffs as specified in the Schedules of Members.

The Chairman's summary stipulates that "Tariffs, except in-quota tariffs, shall be reduced by a simple average for all agricultural products subject to a minimum reduction per tariff line. The base for the reductions shall be the final bound tariffs as specified in the Schedules of Members. Except as provided in paragraph 16 below, the tariff reductions shall be implemented in equal annual instalments over a period of (five) years, applying the following formula:

(i) For all agricultural tariffs greater than (90 per cent *ad valorem*) the simple average reduction rate shall be (60) per cent subject to a minimum cut of (45) per cent per tariff line.

(ii) For all agricultural tariffs lower than or equal to (90 per cent *ad valorem*) and greater than (15 per cent *ad valorem*) the simple average reduction rate still be (50) per cent subject to a minimum cut of (35) per cent per tariff line.

(iii) For all agricultural tariffs lower than or equal to (15 per cent *ad valorem*) the simple average reduction rate shall b (40) per cent subject to a minimum cut of (25) per cent per tariff line."

It also states that "In implementing their market access commitments, developed country Members shall take fully into account the particular needs and conditions of developing country Members by providing for greater improvement of opportunities and terms of access for agricultural products of particular interest to these Members, including the fullest liberalisation of trade in tropical products, whether in primary or in processed form, and for products of particular importance to the diversification of production".

US appears to have changed its stance on subsidies after the introduction of the *US Farm Bill*. EU does not support any radical proposal and is in favour of a formula approach which will lead to gradual reduction in tariffs over a prolonged period of time. Its position is that *phase out does not mean elimination.*

The tension as regards subsidies is clearly borne out by the approaches pursued by the two major trading blocs, the EU and the Cairns Group. The Cairns Group would like to see further commitments in terms of reduction in subsidies and other support measures in agriculture. Many of the developing countries are complaining that commitments under the Agreement on Agriculture (AoA) required reductions on an unweighted average basis which allowed developed countries to maintain high tariffs on such products as sugar, rice and dairy products by taking recourse to deeper cuts in less sensitive tariff lines with little trade. Developing countries such as India are playing a key role in the discussions on market access for agricultural commodities. India's submission is that the provisions of Article 6.4 (a) (i) & (ii) only serves to restrict the flexibility of use of domestic support measures by countries that provide support below the *de minimis* levels. These disciplines are, however, not applicable to countries that provide domestic support above *de minimis* levels. India has argued that the operation of Article 6.4 (a) (i) & (ii) be suspended till such time as the domestic support levels of all Members come down to the *de minimis* levels.

Some developing countries are seeking continuation of the current exemption as regards export subsidies available to developing countries in Article 9.4 beyond the implementation period ending in 2004. Some of the developing countries have argued that the *peace clause* as it is stipulated by Article 13 provides a *reverse* S&D status to the developed countries, allowing them safeguard against countervailing duties with respect to amber measures for nine years. They are proposing abolition of the peace clause for the developed countries. They are also arguing that under the S&D treatment developing countries should be provided with the flexibility to use the peace clause by at least 10 years. Developing countries are also pushing for effective measures to prevent the rolling over of unused subsidies to the next year.

Estimates made in Bangladesh (Asaduzzaman, 2001) shows that domestic support to the country's agriculture under the amber box currently stands at 1.0-1.5 per cent of total value addition in the country's agricultural sector (well below the 10% threshold, and those under green box stands at about 3 per cent, there is not limit to subsidies under the green box). Bangladesh should see to it that in computing the AMS inflation factor is also taken cognisance of.

Bangladesh and other LDCs must argue that because of the critical importance of agriculture sector from the perspective of food security, poverty alleviation, rural development, rural employment and the need to diversify agricultural sector, the LDCs should be exempted from any reduction commitment. As of now Bangladesh has bound a number of agri-commodities, at relatively high level. Although the applied rates are way below the bound rates, it will be in Bangladesh's interests not to agree to any proposal that call for commitments on the part of LDCs. To ensure that market access negotiations do not harm the interests of low income and resource poor farmers in LDCs, Bangladesh should argue that AMS calculations for the LDCs exclude such support.

Some countries have argued for suspension of operation of Article 6.4(a)(i) and (ii) which, as it stands now, permits highly subsidising countries to support their agriculture beyond the *de-minimis* level, whilst restricting the flexibility of the developing countries to enhance their domestic agricultural production. India's proposal is that the operation of the aforesaid article be suspended till such times as the domestic support level of all members come down to the de-minimis level. From market access point of view Bangladesh's interest lies in supporting calls by developing countries that favour a faster pace of reduction of subsidies in the OECD countries and at the same time ensuring that the current exemptions as regards export subsidies available to the LDCs are not put under new disciplines. Strengthening of the Development Box, whilst imparting a more clear boundary as regards the elements to be included, is in the best of Bangladesh's interest.

Although the Chairman's summary made a bold attempt to reconcile the diverse interests (with scope for consensus building through bracketed statements), the negotiations missing its deadline prompted Mr. Supachai to remark that "The failure to meet the deadline for agreeing agriculture negotiating modalities is a great disappointment for us all…. Negotiators must redouble their efforts in agriculture and all other areas of negotiation between now and the September Ministerial Conference in Cancun, Mexico".

Bangladesh's Interest and Proposed Stance: Agriculture sector accounts for about one-fourth of Bangladesh's GDP. In terms of employment opportunities provided by the sector and multiplier impact on the economy that involves the lives and livelihoods of its people the importance of the sector can not be overemphasised. The ongoing negotiations

in the WTO in the area of market access for agricultural commodities is important for Bangladesh on two counts: firstly, these are relevant from the perspective of enhanced market access for the country's agro-products by way deeper cuts in agro-tariffs of developed countries, and secondly, these are important from the vantage point of concerns about safeguarding the interests of the country's crucially important rural and agrarian sectors.

As regards the modalities of tariff cuts which could not be negotiated before the deadline, Bangladesh has special interest in pursuing the developed countries to commit themselves to deeper cuts, specially as regards items of agri-export interest. The proposal submitted by India in this respect proposes a formula that puts a cap on tariff bindings which is set to reduce tariff levels along with tariff peaks and tariff escalation. The proposal has certain safeguards for developing countries allowing them to maintain appropriate levels of tariff bindings. Since Bangladesh and some of the other LDCs also export agro-products to a number of developing countries and it is to their interest that developing countries also undertake commitments to open up the market for agro-products. LDCs are exempted from undertaking reduction commitments as stipulated by Article 15.2 and Bangladesh should strongly support its continuation. As regards tariff rate quotas (TRQs) it will be in Bangladesh's interest to seek change in the existing rules in a manner that allows enhanced market access for agro-exports from LDCs. The manner in which TRQ allocations are made at present, allowing developed countries to allocate TRQs to other developed countries on negotiated country basis, needs to be changed. The approach should be that quotas which are not globally available should not be counted towards TRQ amounts. There is a strong demand from developing countries in favour of abolition of TRQs. However, till these are there, enhanced TRQs and greater transparency in allocation and administration will be beneficial to Bangladesh in terms of ensuring greater market access of agro-exports to developed country markets.

As regards AMS, Bangladesh stands to gain by supporting provisions contained in Article 6.2 of the AoA relating to investment and input subsidies; she should argue that product specific support provided to low income and resource poor farmers should be excluded from AMS calculation. The present level of AMS, at 10% of Agri-GDP, for the developed countries stands to seriously undermine market access of countries such as Bangladesh; therefore, she should argue for bringing down the AMS to a lower level, preferably 5%. It is also to Bangladesh's advantage to support proposals for elimination of due-restraint clause that protects green box and blue box subsidies from challenge.

The peace clause has come under severe criticism in the current negotiations on market access for agri-products. It has been dubbed as a 'reverse S&D' as it provides developed countries safeguard against countervailing duties with respect to amber measures. Thus it is to Bangladesh's and other LDC's interest to seek abolition of Article 13.

2.9 GATS and Market Access

The Issues Under Consideration: The most critical market-access related issue of interest to Bangladesh in the GATS relates to making market access in services balanced and freeing of movement of labour in which all the developing countries have strong interest. It has been estimated in a recent study that even freeing of 3% of labour market in the OECD may bring an economic benefit equivalent to $150 billion to the developing countries and LDCs. Here, a number of cross cutting issues and areas are pertinent

including: (a) immigration policy, (b) wage parity, (c) removal of QRs on visas, (d) removal of entry barriers and (e) mutual recognition of certificates.

State and Scope of the Debate: A number of proposals have been submitted in support of enhanced access to the labour markets of the developed world under Mode-IV of GATS which relate to *movements of natural persons*. India has proposed an *Occupational Approach* to identify skills of interest to developing countries from the perspective of market access. Developing countries and the LDCs are also arguing against the economic needs test (ENT) and local needs test (LNT) in the developed countries which constrain movement of labour. However, till now, the focus of the developed countries have been mainly on the movement of professionals in the context of Mode-3 relating to *commercial presence*. As regards the request and offer lists, it transpires that the deadline for submission of request and offer lists is rather tentative and allows for some flexibility.

Bangladesh's Interest and Proposed Stance: Market access for the service sector is crucially important area for Bangladesh as such negotiations in Mode 4 (Movement of Natural Persons) are of vital interest to her. In GATS the modality for negotiations is the request and offer list. Countries were supposed to submit their request list by March 31, 2003 (although they can also submit requests even after this date) and the offers were to be negotiated on bilateral basis. From the vantage point of market access for labour services Bangladesh will need to emphasise the issue of greater access to the labour market of the developed countries. Already Bangladesh has submitted proposals asking for greater flexibility in terms of *temporary* movement of natural persons related to commercial presence in the developed countries. In this connection Bangladesh has shown interest in softened immigration policy and qualification and licensing requirements, removal of QRs on visas for professionals, removal of entry barriers in the form of Economic Needs Test (ENT) and Local Needs Test (LNT) and mutual recognition of certificates. Bangladesh will have to very carefully craft the offer list in GATS and by using the S&D status try to commit sectors which are either already liberalised or which are least likely to disrupt domestic supply and seek opening of sectors (such as construction) where she has demonstrating capacity. Accordingly, Bangladesh should start serious work in preparing the offer and request lists.

2.10 Rules-making and Market Access

Developing countries are increasingly feeling that they would need to take a more proactive stance in the area of rule making since in future this would play a most crucial role from the perspective of market access in real terms. The talks on rule-making cover such areas as trade facilitation, customs valuation, trade procedures and transparency which will have important implications for market access. Here priority attention should be given to systemic improvement in the area of rule making, and on making decision making process in the WTO more democratic and transparent. There is a feeling that LDCs have till now pushed more for S and D, and have ignored discussions on rules and that this may undermine their trade related interest in the long run. There is also a need to relate discussion on rule making with technical assistance to be provided to LDCs in order to comply with the decisions. In Cancun LDCs should stress that any obligations by the LDCs in the abovementioned areas must be made contingent on firm commitments by developed countries in the area of technical assistance to address the attendant concerns.

CONCLUDING REMARKS

Market access is a cross-cutting issue. Whilst NGMA provides a forum for discussing market access issues which are aimed at liberalising trade in industrial, agricultural and environmental goods, and dismantling the non-tariff barriers, needs to be appreciated that the actual ability to take advantage of the emerging opportunities and address the attendant risks will hinge on how negotiations progress in other areas. Thus from a strategic perspective, the work in NGMA will need to be seen by Bangladesh's policy makers in the context of the entire architecture of the WTO and from the perspective of the work in other negotiating groups and committees under the DDR mandate. It is from this perspective that the discussion in the Cancun, and the Ministerial Declaration which will emerge out of those discussions are of such heightened interest to Bangladesh.

Bangladesh should particularly emphasise that because of erosion of preferential margins, and also the phase out of the quota, sectors such as apparels, accounting for three-fourth of total exports of the country, will face an uncertain future. These are likely to have serious implications in terms of exports, revenue mobilisation and employment generation (of women in particular). Bangladesh could argue that member countries, specially developed, should take note of the difficulties she is set to face in terms of market access for apparels and other products of export interest and call for compensatory support in the form of (a) flexible rules of origin, (b) non-imposition of ADDs and CVDs on import of apparels be developed countries for ten years after expiry of the MFA (or at the least enhancing the threshold margins), (c) safeguard measures to address export shortfall and (d) technical assistance which enhances Bangladesh's capacity to take advantage of the various market access opportunities emanating from the ongoing negotiations in the NGMA and also originating from bilateral initiatives.

The Doha Round of negotiations has been dubbed as the *Doha Development Round.* Given this point of departure, it is important that in Cancun the spotlight is on the term 'Development'. There is a need to relate market access to development in a manner in which market access is made to serve the agenda of overcoming the *development deficit* in the LDCs. What the LDCs stand to benefit from is not trade market access commitments *per se,* but *actual ability to access* the opportunities and in order to achieve this objective LDCs in the WTO will need to move both as a coherent group, and also at the same time try to build issue-specific coalitions of interest in the context of the current negotiations.

Much will depend on what emerges at the end from the ongoing negotiations in Geneva which, as was mentioned earlier, are mandated to be continued till 2005. In this context the deliberations in Cancun are critically important in the sense that the meeting, the highest decision-making body in the WTO, is expected to give guidelines and guidance on how the ongoing negotiations in Geneva will continue over the next two years, till January, 2005 and decisions of the Fifth Ministerial Meeting of the WTO. It emerges from the ongoing discussion in Geneva that there is little prospect for a favourable outcome as regards a *quad* initiative favouring global zero-tariff, quota-free market access for the LDCs inspite of the fact that since the Uruguay Round a number of market access enhancing commitments have indeed been made by a number of developed countries and the EU has called for a global quota and duty free access for the LDCs. However, in all probability, such a proposal will probably gain prominence. The momentum of pressure will need to be maintained till Cancun. As is well known, the Ministerial Meeting is the highest decision making body in the WTO. The forthcoming LDC Ministerial meeting to be held in Dhaka prior to Cancun must raise its voice in support of the demand for a quad-EBA type market access initiative with flexible rules of origin. This, as our analysis, shows, would have provided the LDCs substantive and immediate relief in an otherwise increasingly competitive global environment.

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