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Nairobi Package

Doha Development Agenda



The tenth (10th) Ministerial Conference (MC10) of the World Trade Organization (WTO) was held in Nairobi, Kenya from December 15 to 18, 2015. MC10 marks the 20th anniversary of the WTO and was the first Ministerial Conference to be held on the continent of Africa. Acknowledging that the majority of WTO Members are from developing countries, their needs and interests were prioritized to be at the center of the work of the WTO.

The Agreements coming out of the MC10 form the “Nairobi Package”, and are part of the WTO Doha Development Agenda (DDA), which is a multilateral round of negotiations, launched in 2001. The DDA is ongoing, largely due to the lack of consensus among WTO Members on key areas of interest. However, progress has been made in building consensus in recent years, as Members have been able to agree on several issues including trade facilitation, which resulted in the WTO Trade Facilitation Agreement (TFA), which is a binding multilateral agreement, coming out of the ninth (9th) Ministerial Conference (MC9) of the WTO. Consensus building continues in the WTO, as evidenced in the decisions taken at the MC10. WTO Members agreed on several critical issues, including decisions taken on agriculture as part of the “Nairobi Package”, which secured a landmark victory for countries adversely affected by unfair trade practices. The Agreements reached in Nairobi, were of great significance, and proposes a more level playing field in world trade, thus enhancing global development.

Ministerial Decisions taken at the MC10 includes:

Agriculture

- Export Competition
- Special Safeguard Mechanism for Developing Country Members
- Public Stockholding for Food Security Purposes

Cotton

- Market Access
- Domestic Support
- Export Competition

Least-Developed Country Issues

- Preferential Rules of Origin for Least Developed Countries
- Implementation of Preferential Treatment in Favour of Services and Service Suppliers of Least Developed Countries and Increasing LDC Participation in Services Trade.



Regular work Commissioned under the General Council at the MC10

- Work Programme on Small Economies
- Trade-Related Aspects of Intellectual Property Rights (TRIPS) Non-violation and Situation Complaints
- Work Programme on Electronic Commerce



“Two years ago in Bali we did something that the WTO had never done before — we delivered major, multilaterally-negotiated outcomes,”

“This week, here in Nairobi, we saw those same qualities at work. And today, once again, we delivered.”

Roberto Azevêdo
Director-General WTO

Agreements on Agriculture

Export Competition

As part of the Ministerial Decision on Export Competition contained in the Nairobi Package, the commitment was made by WTO Members to eliminate subsidies for agriculture exports. This action comes in response to a concerning number of countries currently using export subsidies to support their agricultural exports. This legally-binding decision eliminates the use of export subsidies and prevents governments from reverting to trade-distorting export support in the future.



Under this Decision, based on scheduled export subsidy entitlements, developed country members have committed to the immediate removal of export subsidies, with the exception of a few items. However, developing country members will be granted additional time, up to 2018, to eliminate their export subsidy entitlements. For products or groups of products for which developing countries have notified export subsidies, prior to the adoption of the decision, in one of its three latest export subsidy notifications, a further extension will be applied up until 2022. Developing members will keep the flexibility to cover marketing and transport costs for agriculture exports until the end of 2023, with the poorest and food-importing countries being granted additional time to cut export subsidies.

The decision also contains disciplines to ensure that other export policies are not used as

disguised form of subsidies. These disciplines include terms to limit the benefits of financing support to agriculture exporters, rules on state enterprises engaging in agriculture trade, and disciplines to ensure that food aid does not negatively affect domestic production. Developing countries are given longer time periods to implement these rules, versus immediate effect for developed countries.

Public Stockholding for Food Security Purposes

A Ministerial Decision was taken on Public Stockholding for Food Security Purposes, based on the need to find a permanent solution to this issue at the multilateral level. Under the Bali Ministerial Decision of 2013, developing countries are allowed to continue food stockpile programmes, which are otherwise in risk of breaching the WTO's domestic subsidy cap, until a permanent solution is found by the 11th Ministerial Conference to be held in 2017. It was agreed that the negotiations on this subject shall be held in the Committee on Agriculture in Special Session (CoA SS), in dedicated sessions, and in an accelerated time-frame, separate from the agriculture negotiations under the Doha Development Agenda (DDA).



Special Safeguard Mechanism (SSM)

The Ministerial Decision on a Special Safeguard Mechanism (SSM) for Developing Countries, confers the right to temporarily increase tariffs in the face of import surges by using the SSM. Negotiations will continue in dedicated sessions of the Committee on Agriculture in Special Session (COA SS).

Nairobi Package: Doha Development Agenda

COTTON

The Ministerial Decision on Cotton prohibits the use of export subsidies, and calls for further reduction in domestic support being offered to cotton producers, while stressing the vital importance of the cotton sector to LDC members of the WTO.



The Decision on Cotton includes the following three agriculture elements:

Market Access

As of January 1, 2016, cotton producers from LDCs will be granted duty-free and quota-free **market access** to developed country members of the WTO, as well as other developing country members that have the capacity to do so.

Reduction in Domestic Support

The Ministerial Decision acknowledges the efforts being made by some members to reform their domestic policies on cotton, and urges the continuity of efforts in developing the industry, while stressing the need for transparency. The section of the Nairobi Package on **domestic support** also recognizes that the cotton reform policies of some members may help to reduce trade distorting domestic subsidies for cotton production, and stresses that more efforts remain to be made.

Export Competition.

The ministerial decision on **export competition for cotton** also mandates that developed countries prohibit the use of cotton export subsidies immediately, and allows developing countries do so no later than January 1, 2017.



Decisions of Benefit to LDCs



Preferential Rules of Origin for LDCs

A ministerial decision regarding unilateral preferential trade arrangements for LDCs, was adopted as part of the Nairobi Package, which should yield better opportunities for LDC exports to both developed and developing countries. The decision builds on the 2013 Bali Ministerial Decision on preferential rules of origin for LDCs, which establishes a set of multilaterally agreed guidelines to help make it easier for LDC exports to qualify for preferential market access. According to the WTO, the Nairobi Decision expands upon this by providing more detailed directions on specific issues, such as methods for determining when a product qualifies as “made in an LDC,” and when inputs from other sources can be “cumulated”(or combined together) into the consideration of origin. It calls on preference-granting members to consider allowing the use of non-originating materials up to 75% of the final value of the product. The decision also calls on preference-granting members to consider simplifying documentary and procedural requirements related to origin. As the proponents for the decision, the sub-Saharan African countries stand to reap the most benefits, as they represent the majority of the LDC Group.



Nairobi Package: Doha Development Agenda



LDC Trade in Services

The Ministerial Decision on Implementation of Preferential Treatment in Favour of Services and Service Suppliers of Least Developed Countries and Increasing LDC Participation in Services Trade, allows non-LDC WTO members to grant preferential treatment to LDC services and service suppliers by way of a WTO waiver.

The Decision in Nairobi extends the current waiver period by an additional four years, to December 31, 2030 granting “special treatment” to LDC members, by other WTO members allowed to deviate from their Most-Favoured Nation (MFN) obligation, under the General Agreement on Trade in Services (GATS). The Decision also advises the WTO's Trade in Services Council to encourage discussions among members on technical assistance designed at capacity building for LDCs to participate in services trade. The Decision also sets up a review to monitor the operation of the notified preferences to LDC services and service suppliers, which to date, 21 WTO members have submitted notifications granting such preferences.

WTO - Future Work

The WTO has recognized the importance of the role of developing countries to the future work of the Organization, and has shifted its focus to the least developed among them by prioritizing their needs and interests and bringing them to the forefront of negotiations. Success in consensus building becomes hinged on the participation of the LDCs, as it is established that they account for majority membership within the WTO.



After years of uncertainty as to the future of the WTO, where consensus on major issues was elusive for some time, the last two Ministerial Conferences held in Bali and Nairobi have served to validate the relevance of the Organization and the multilateral trading system. Successful consensus achieved in negotiations have resulted in agreements and decisions being taken at the multilateral level, providing a continuous channel for international issues of concern to be favourably addressed.

Consensus reached on DDA issues in Nairobi:

- Stopping the use of subsidies and other schemes unfairly supporting agricultural exports
- Ensuring that food aid for developing countries is given in a way which does not distort local markets
- Seeking to simplify the conditions that exporters from the poorest countries have to meet, so that their products benefit from trade agreements (simplification of the rules of origin related to LDCs).
- Giving more opportunities for businesses from the poorest countries to provide services in the WTO's 164 member countries.

WTO - Recent Accessions



The recent accession of the Republic of Liberia and Afghanistan into the WTO increases the number of LDCs represented within the Organization. Continued accession to the WTO by observer countries, further solidifies its position as an effective international organization responsible for setting and maintaining global trade rules.

Nairobi Package: Doha Development Agenda



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Country Above Self

The International and Industry Liaison Unit is committed to raising the level of awareness on topics relating to the Caribbean Community, as well as issues concerning the wider topic of international trade, to both our internal and external stakeholders. Our monthly newsletter seeks to highlight global trade topics and their importance to Customs Administrations worldwide and specifically how they affect the Jamaica Customs Agency. As we realize our vision of becoming a modern Customs administration delivering excellent service, we recognize the importance of knowledge transfer in delivering our objectives and use this forum as our way of contributing to the vision of the JCA. The International Liaison Unit is located at the Myers Wharf head office and our officers are available to respond to your queries and clarify any points of concern.

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