

## **OWINFS letter on New Guidelines for LDC Accession, July 24, 2012**

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### **Re: Postpone decision on, rather than accept, bad deal for LDCs on Accession Guidelines**

Dear WTO Members,

Last spring, nearly all WTO Members agreed on the need to approve a set of policies to improve opportunities for the Least Developed Countries (LDCs) to use trade for their development. Unfortunately, the United States stymied these efforts. Instead of real policy change for LDC members, a “consolation prize” was agreed to at the December 2011 Ministerial, in which members committed to change the guidelines for LDC accession. It was agreed that the guidelines should help LDCs, which face innumerable challenges in their accession processes, ensure a fair accession package which allows LDCs to use trade for their development, without creating burdensome demands that would hinder their future development prospects.

**Unfortunately, the proposal that has just been forwarded to the General Council for a vote on 25 July could seriously harm, rather than help, LDCs in their accession process.** The proposed “Addendum” to the 2002 LDC Accession Guidelines includes language which seems to acknowledge the difficulties that LDCs encounter in their accession processes. However, the guidelines include benchmarks that would *require more liberalization commitments in some areas than the damaging past LDC accession packages which gave rise to the very need for new guidelines in the first place.* Scandalously, the guidelines even include commitments that are more comprehensive than the commitments of some developed countries. Specifically:

- Goods: Article 7 states that “acceding LDCs shall bind 95 per cent of their non-agricultural tariff lines at an overall average rate of 35 per cent.” The LDC group had proposed to bind only 48% of non-agricultural tariff lines at an average of 44%. Requiring LDCs to bind their tariffs at these low rates would sharply curtail their ability to use infant industry protection to industrialize and protect domestic jobs the way that developed countries did.
- Agriculture: Article 5 requires acceding LDCs to bind 100% of agricultural tariff lines *at an overall average rate of 50 per cent*, although Iceland and Norway are developed countries which have average bound agriculture tariffs of 109% and 131% respectively, and many other developing countries have agricultural tariffs far in excess of 50%. The LDC group had asked for an average bound agricultural tariff of 79%. This loss of Food Sovereignty is unacceptable for farmers’ livelihoods and for protecting Food Security.
- These steep tariff cuts could cause a permanent loss in tariff revenue, which is the source of more than 76% of government revenue of many LDCs according to the

International Monetary Fund. This could result in a drastic reduction of health and education budgets.

- Services: Instead of including guidelines proposed by the LDCs that would be based on the *average* number of sectors committed by original LDC WTO members, the guidelines imply that LDCs *can be required to commit up to as many services sectors as the most liberalized existing LDC WTO member*, which is nearly 100%. Given the lack of regulation that led to the global financial crisis, LDCs should not be forced to open their banking sector, let alone public services like education that are key for development.
- WTO plus: The guidelines fail to protect LDCs from excessive demands on intellectual property rules (called TRIPS+) which have been demanded recently of LDCs, and which the United Nations Special Rapporteur on the Right to Health has said make it difficult for states to comply with their obligations regarding the right to health. They also fail to protect LDCs from demands to open their government procurement.
- Process: The current drastically unfair negotiations process, in which any WTO member may make any demand upon an acceding country, effectively making the negotiations 155 against one, is not addressed. The guidelines even fail to include the small but important improvement proposed by LDCs, to conduct market access negotiations multilaterally.

These are but just a few of the problems with the proposed Addendum to the LDC guidelines. It is important to note that these guidelines would also impact other developing countries in accession, since non-LDCs would presumably be asked to take on commitments even more comprehensive than those outlined in the Addendum. They would also impact countries in customs unions with either LDC or non-LDC acceding countries.

**Therefore, we urge governments to oppose the current package, and send it back for re-negotiation and improvement before it is accepted by the WTO membership.**

The future development prospects of farmers, workers, small businesspeople, and consumers in LDCs should not be sacrificed just to meet a deadline. It would be most hypocritical if WTO members were to agree to guidelines that are unfair to LDCs in the guise of helping them. It was the United States alone which blocked the LDC package in 2011. We urge developed and developing governments alike not to be complicit in accepting a “consolation prize” which harms acceding LDCs even further.

Instead, the Addendum should be revised to contain a process and terms, at the very least along the lines of the November 2011 proposal by LDCs, which would allow acceding LDCs access more of the policy flexibility they need to use trade for national development, based on decent job creation and inclusive sustainability, in accordance with their current level of economic and social development.

Signed,

**International and regional organizations**

1. ActionAid International
2. Asian Peasant Coalition (APC)
3. Development Alternatives with Women for a New Era (DAWN)
4. Dignity International
5. Eastern Europe, Caucasus and Central Asia Network on Trade and Sustainable Development (EECCA)
6. Oxfam
7. Pacific Network on Globalization (PANG)
8. Third World Network

### **National organizations**

1. AID/WATCH, Australia
2. Al-Jawf Women Organization for Development, Yemen
3. All India Drug Action, India
4. All Nepal Peasants' Federation (ANPFa), Nepal
5. APVVU Trade Union Federation of Rural Workers, India
6. Association of Non-Governmental Organisations, The Gambia
7. Australian Fair Trade and Investment Network (AFTINET), Australia
8. Australian Manufacturing Workers' Union (AMWU), Australia
9. BharatiyaKrishakSamaj, India
10. Bia'lii, Asesoría e Investigación, A.C., México
11. Collectif des Fédérations et Réseauxd'ONG (CFRONG), Benin
12. Comhlámh, Ireland
13. Common Frontiers, Canada
14. Diverse Women for Diversity, India
15. Dynamique OSCAF, Benin
16. Eco-Accord, Russia
17. Euronatura, Portugal
18. Fair Trade Advocacy Office, Belgium
19. FOCO-Inpade, Argentina
20. Friends of the Earth, U.S.
21. Ghana Trades Union Congress (TUC), Ghana
22. Global Exchange, U.S.
23. Groupe de Recherche et d'Action pour la Promotion de l'Agriculture et du Développement (GRAPAD), Benin
24. Grupo Tacuba, Mexico
25. Ibon, Philippines
26. InformationsgruppeLateinamerika (IGLA), Austria
27. Initiative for Health & Equity in Society, India
28. Institute for Agriculture and Trade Policy, U.S.
29. International Forum on Globalization, U.S.
30. Jubilee Debt Campaign, UK
31. KilusangMagbubukid Ng Pilipinas(KMP), Philippines
32. Labour,Health and Human Rights Development Centre, Nigeria
33. Milwaukee Fair Trade Coalition, U.S.
34. National Alliance of People's Movements (NAPM), India

35. National Association of Nigerian Traders (NANTS), Nigeria
36. National Center for Labour, India
37. National Labour and Economic Development Institute (NALEDI), South Africa
38. New Zealand Council of Trade Unions Te Kauae Kaimahi, New Zealand
39. Nord-Sud XXI, Switzerland
40. Office Africain pour le Developpement et la Cooperation (OFADEC), Senegal
41. Plate forme des Acteurs de la Société Civile au Bénin (PASCiB), Benin
42. Platform Aarde Boer Consument, Netherlands
43. Polaris Institute, Canada
44. Red Mexicana de Acción frente al Libre Comercio (RMALC), México
45. Research Foundation for Science Technology & Ecology, India
46. SEARCH Foundation, Australia
47. Southern and East African Trade Institute (SEATINI), South Africa and Zimbabwe
48. TchadAgir pour l'Environnement (TCHAPE), Switzerland
49. The Berne Declaration, Switzerland
50. Third World Institute - Instituto del Tercer Mundo, Uruguay
51. TPPWatch, New Zealand
52. U.S. Labor Education in the Americas Project (US LEAP), U.S.
53. Vision Spring Initiatives, Nigeria
54. VOICE, Bangladesh
55. World Democratic Governance project association (WDGpa), Spain
56. World Development Movement, UK
57. Worldview, The Gambia