

**LEGISLATIVE COUNCIL  
PANEL ON COMMERCE AND INDUSTRY**

**Progress of Negotiations under  
World Trade Organization**

**PURPOSE**

This paper informs Members of the progress made on negotiations in relation to the Doha Development Agenda (DDA) and on two plurilateral agreements relevant to Hong Kong conducted under the auspices of the World Trade Organization (WTO).

**DOHA DEVELOPMENT AGENDA**

2. The DDA negotiations were launched at the Fourth Ministerial Conference of the WTO held in 2001 in Doha, Qatar. The DDA aims to liberalise trade in agricultural products, industrial goods and services, as well as to improve global trade rules. Addressing developmental concerns of less developed economies is a key objective underlying the DDA negotiations.

3. We last informed Members in 2007 of the progress of the DDA negotiations. Indeed, since the Sixth WTO Ministerial Conference held in Hong Kong in 2005, no significant progress had been made.

4. In view of the slow progress of the DDA negotiations, at the Eighth WTO Ministerial Conference held in 2011, WTO Members decided to seek to reach agreements on areas where negotiations had been more advanced, ahead of full conclusion of the DDA negotiations<sup>1</sup>.

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<sup>1</sup> Notwithstanding the fact that there is an original understanding among WTO Members that all the agreements reached under various components of the DDA after conclusion of the negotiations should be approved by the WTO as a single undertaking.

5. Subsequently, in early 2013, WTO Members identified trade facilitation, some aspects of agriculture, and development issues as elements of a possible package of agreements for the Ninth WTO Ministerial Conference (MC9) to be held in December 2013 in Bali, Indonesia.

## **OUTCOME OF MC9**

6. After intensive negotiations in Geneva in the run-up to MC9, and in Bali during MC9, WTO Members agreed on the “Bali Package”, comprising a new Agreement on Trade Facilitation (TFA) and nine decisions on agriculture and development issues.

### **Agreement on Trade Facilitation**

7. The TFA aims to clarify and improve existing WTO provisions relating to transit of goods, import and export formalities, and transparency of trade regulations. Section I of the TFA sets out binding obligations on, inter alia, disciplines on import/export requirements and customs clearance; publication of and prior consultation on new or amended trade-related laws and regulations; allowing options of electronic payment for traders; giving priority to the release of perishable goods; simplifying formalities and documentation requirements; and exchanging information between customs authorities. Section II sets out special and differential treatment (S&DT) for developing country Members (DgCs) and least developed country Members (LDCs) of the WTO, including a more flexible implementation timetable, and assistance to be provided to such Members for building the capacity necessary for implementing the TFA.

8. Hong Kong, being a global forerunner in expeditious movement and release of goods, can accommodate all the obligations flowing from the TFA and is committed to early implementation of the TFA. Following necessary technical work and formalities in Geneva to be completed by 31 July 2014, individual WTO Members are expected to ratify the TFA before 31 July 2015. The TFA will come into force upon ratification by two-thirds of the Members.

## **Agriculture**

9. MC9 has adopted the following four decisions on agriculture issues:

- (a) Members shall exercise utmost restraint with the use of export subsidies and all export measures with equivalent effect. Members also undertake to maintain progress towards eliminating all forms of export subsidies, enhancing transparency and monitoring of export subsidies, and reviewing the progress of work at the 10<sup>th</sup> WTO Ministerial Conference to be held in 2015.
- (b) Members shall provide greater flexibility for DgCs to support the latter's public stockholding of staple food crops for food security purposes. Where DgCs with such public stockholding programmes satisfy transparency requirements and ensure that their programmes do not distort trade or adversely affect the food security of other Members, other WTO Members shall refrain from challenging such public stockholding programmes. Furthermore, a work programme is established with a view to working out a permanent solution for food security programmes by the 11<sup>th</sup> WTO Ministerial Conference to be held in 2017.
- (c) Members shall provide greater flexibilities for general support programmes relating to land reform and rural livelihood security (e.g. land rehabilitation, soil conservation) in order to promote rural development and poverty alleviation.
- (d) Members agree to improve administration of tariff rate quota (TRQ)<sup>2</sup>. Members will take measures to rectify cases of persistent under-utilisation of TRQs, so as to improve market access to agriculture markets that maintain a TRQ system.

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<sup>2</sup> TRQ is an import quota within which the import tariff is usually substantially lower than the out-of-quota tariff. Some WTO Members are concerned that under-utilisation of TRQ would mean restricted market access for agricultural exports.

## **Development**

10. At MC9, WTO Members agreed to improve the operation of the S&DT provisions in various WTO agreements through a monitoring mechanism. They also agreed on some specific measures to provide LDCs with better market access conditions and support their integration into the multilateral trading system.

## **Post-Bali Work Plan**

11. At MC9, WTO Members reaffirmed their commitment to early completion of the DDA negotiations and would prepare a clearly defined work programme within the next 12 months on the remaining issues under the DDA.

## **BENEFITS OF THE PACKAGE**

12. The TFA is the first multilateral trade agreement concluded by the WTO since its establishment in 1995. The achievement of the Bali Package has provided a necessary boost to the multilateral trading system, restoring the credibility of the WTO as a viable platform for trade negotiations.

13. The TFA will help to reduce costs and improve efficiency for both business and governments. According to the WTO, the TFA may reduce worldwide barriers to global supply chains and red tape by half, and expand the world economy by about 4.5 per cent (about US\$1 trillion). The World Economic Forum estimates that, by reducing barriers to global supply chains, the TFA will have an effect on raising global GDP which is six times of that of eliminating all import tariffs. Hong Kong, being an export-oriented economy and a trading centre, will stand to benefit from the TFA.

14. Regarding agriculture and development issues, although they are of less direct interest to Hong Kong, such issues are key components of the DDA. The achievements made at MC9 will provide new impetus to future negotiations in agriculture and other areas under the DDA.

## **WTO PLURILATERAL AGREEMENTS**

### **Agreement on Government Procurement**

15. The Agreement on Government Procurement (GPA) is a plurilateral agreement under the auspices of the WTO<sup>3</sup> first concluded in 1994. Hong Kong formally joined the GPA in 1997. In 2012, Parties to the GPA agreed to revise the agreement in order to make it more user-friendly. Moreover, S&DT for DgCs would be more clearly provided, which would facilitate future accessions by such Members. The revised GPA would also widen the coverage of the GPA which may bring additional business opportunities to suppliers of GPA Parties amounting to US\$80-100 billion annually.

16. The revisions will enter into force for those Parties that have formally notified the WTO of their readiness to implement the revisions, when two thirds of the 15 Parties to the existing GPA have done so. By MC9, seven GPA Parties (including Hong Kong) have made such a notification. The revised GPA is expected to come into force on or before 31 March 2014.

### **Expansion of Information Technology Agreement**

17. The Information Technology Agreement (ITA) was concluded in December 1996. Under the ITA, Participants have eliminated their tariffs on specified information technology (IT) products originated from all WTO Members (including non-Participants). At present, some 70 WTO Members (including Hong Kong) are Participants to the ITA.

18. In June 2012, some Participants including Hong Kong began to discuss possible expansion of the product coverage of the ITA. Such work intensified in the run-up to MC9. Although it has not been possible to reach an agreement on the expansion by MC9, all the

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<sup>3</sup> The Parties to the GPA include Armenia; Aruba; Canada; Chinese Taipei; the European Union (including its 28 member states); Hong Kong, China; Iceland; Israel; Japan; Korea; Liechtenstein; Norway; Singapore; Switzerland and the United States.

Participants concerned aim to continue work with a view to concluding it as soon as possible.

Trade and Industry Department  
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