



## REGIONAL STRATEGY MEETING HONG KONG TRADE MINISTERIAL CONFERENCE OUTCOMES: IMPLICATIONS FOR POVERTY REDUCTION IN SADC

### Concept Note

6 – 7<sup>th</sup> April 2006 - Gauteng, South Africa

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#### Introduction and Context

Sub-Saharan Africa's share of global trade continues to be on a free-fall. The market share of these countries has declined from about five percent in the 1970s to less than two percent today. This is mainly attributed to the fact that Africa's participation in global trade remains confined to being a net exporters of raw materials and a largest importer of finished commodities. As a result of low international demand, prices of commodities have plummeted drastically during the past five years, threatening the livelihoods of several millions of people on the continent. As revenues continue to decline, demands for the SADC countries to meet their social and economic obligations for their citizenry also continue to rise. Poverty, unemployment, crime, inequality and HIV/Aid are rife. There are still more than 50% of the population in SADC living below US\$ 1 a day.

For most of the countries in SADC region, they have continued to pursue anti-poverty strategies with the aim of meeting the MDGs by 2015. There are also increased efforts by SADC countries to boost their intra and inter-Africa trade to enhance their productive base. However, it still remains a big challenge for these countries to not only strengthen their regional trading relationships but to a large extent ascertain how the world global trading rules by the World Trade Organisation (WTO) impacts on their poverty reduction efforts.

The WTO has long been mandated to play a role in redressing such trade distortions and anomalies by putting in place trading rules that would contribute to the development of member countries. The 6<sup>th</sup> WTO Ministerial Conference took place in Hong Kong, China, during 13–18<sup>th</sup> December, 2005. The conference coined under the theme "Development Round" culminated into a Ministerial Declaration as one key outcomes of the Meeting.

Since the Meeting, there have been mixed reactions on this outcome document from different stakeholders. Some have said the outcome of meeting was modest, while others label it as a complete failure. It is clear that there are still quite a lot of challenges and issues that remain unresolved on the outcome document of the WTO Ministerial Conference. Clearly, these issues have major implications for Africa's development and poverty reduction efforts.

#### Key outcomes and unresolved Issues

The following outlines some of the issues raised from the outcome document which need to be clearly understood and would need deepened dialogue on. These issues include the following:

1. *Services*

Under services, the meeting agreed on new methods and timelines to carry forward the negotiations. Since the existing bilateral "requests-offers" proving to be more laborious and time consuming, WTO members adopted a new plurilateral basis in addition to the existing bilateral approach for requests and offers. This alternative format would allow any WTO member or group of members to make requests and offers collectively to other members.

To the contrary, there is still a concern that Annex C on services would continue to open up for plurilateral and sectoral negotiations as well as increased foreign ownership in investment in service sectors - putting enormous pressures on African countries to open up sensitive service sectors to powerful corporations from the North.

## ***2. Agriculture***

In the area of agriculture, there is still concern around the need for specific flexibilities for developing countries with tariff ceilings and homogenous low bindings. The end date of 2013 for the elimination of export subsidies has been welcome but most of the Africans feel that they will lose in significance when compared to the damages to African farmers caused by domestic support measures in the rich countries. Currently, the domestic support in the EU amounts to 55 billion euros, while export subsidies amount to 3 billion euros.

## ***3. Non- Agriculture Market Access (NAMA)***

Through the adoption of a Swiss formula on Non Agricultural Market Access (NAMA), there is still an issue for African countries to undertake drastic cuts in their industrial tariffs, which they fear could lead to further collapse of local industries, de-industrialisation and massive job losses. There is also a fear for there would also be sectoral elimination of industrial tariffs.

## ***4. Development Package***

Under the development package, the initial demand from the Less Developed countries (LDCs) was that of having bound duty-free and quota-free access to developed country markets on all products for all LDCs, but this would only have product coverage of 97%. This means that the rich countries can exempt exactly those products that are of export interest to African LDCs.

On the issue of Aid for trade, there is still an outstanding commitment for the developed and industrialised countries to provide the money/aid they have promised the developing countries. There is also fear that an aid for trade package to support African economies would ultimately adjust to forced liberalization.

## ***5. TRIPS Agreement (Trade and HIV/Aids)***

The Conference agreed to continue the implementation of the TRIPs agreement, which most people feared would end up costing developing countries more than they would gain from the removal of remaining trade barriers in the rich countries.

Specifically following issues still remain outstanding:

- The TRIPS agreement and its impact on technological and development capacities of the region's countries and the rights of governments to secure the production and provision of affordable medicines to deal with the HIV/AIDS epidemic and other diseases.
- The provisions under the GATS will impact on the delivery of human rights, health services especially for HIV/AIDS, and social and economic development.
- The notion of NAMA notion, as it favors the interests of transnational corporations (TNCs) will impact on unemployment and poverty, and the compounded effects of HIV/AIDS.

The main question being raised is to what extent are the outcomes of Hong Kong are contributing to poverty reduction efforts being pursued by many developing countries and how can this be dealt with?

### **SARPNEJN Joint Efforts**

SARPN and Economic Justice Network - EJN plan to hold a two days seminar during 6<sup>th</sup> – 7<sup>th</sup> April 2006, in South Africa. The idea for this meeting emanates from: Firstly, the need to constantly explore and broaden the understanding on how global decisions and policies made by the WTO and other international organizations continue to have a negative or limited impact on poverty reduction efforts and the people of Southern Africa; Secondly, the need to ways and means to maintain the momentum of key stakeholders such as CSOs, government, donors, and others as they engage and attempt to contribute to the WTO processes.. The idea is to encourage ongoing and sustained engagement in the WTO processes and; and lastly, the need to explore and strengthen the best practices or mechanisms/strategies for effective engagement by CSOs/NGOs, donors, policy makers and others in WTO meetings and processes.

### **Specific Aims and Objectives**

The specific aims and objectives of the Seminar are based on the challenging issues; the Seminar has three main objectives:

- A. To review the outcomes of the Hong Kong Ministerial Conference as seen from different key stakeholders
- B. To ascertain to what extent the decisions contained in the Hong Kong Ministerial Conference Trade Ministers Declaration under agriculture, services, Non- market access (NAMA), HIV/Aids and the development package will impact on ongoing efforts on poverty reduction in SADC.
- C. To review how effective and successful the strategies employed by different actors contributed to the success/failure of the Conference. This will also help in identifying gaps and exploring areas for strengthening the models of engagement in such events.

### **Participation**

This meeting is intended to bring together an intimate group of experts and key stakeholders currently working on trade, poverty and sustainable development issues in SADC as they relate to WTO processes. Specifically, the meeting will attract:

- Groups/institutions which have already been directly involved in processes building up to Hong Kong Ministerial Conference
- Groups/Institutions that actually attended the Hong Kong Ministerial
- Groups/institutions who not necessarily in attended the Ministerial Meeting but are working on Trade issues in the region

The meeting will draw at least 30 participants in total from the SADC region.

#### **Expected Outcomes of the Seminar**

- Identify achievements and failures of the conference
- Identify the implications of WTO decisions on poverty reduction
- Identify gaps and constraints for engagement
- Develop agenda for in-country follow-up processes to address the identified gaps

#### **Expected Outputs**

- Workshop Report
- Country government position papers (process and content +challenges)
- CSO/NGOs Thematic Papers ( process of engagement and content + challenges)

#### **Additional Notes: (What the Meeting is NOT about)**

- This Seminar is not necessarily about assessing whether the Hong Kong Ministerial Conference was a success or not, but reviewing how the *outcomes* of the meeting will impact on poverty reduction in SADC.
- This Seminar is not a one off event but is intended to build on to already existing processes in different countries and efforts by key stakeholders to influence policy change in WTO Trade issues.
- This is not a talkshop but a strategy meeting aimed at strengthening the capacities of stakeholders to be able to understand and respond to key WTO trade policy issues and how they affect poverty efforts in the SADC region.

For more information and details, contact:

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