UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

# DEVELOPMENTS AND ISSUES IN THE DOHA WORK PROGRAMME

## OF PARTICULAR INTEREST TO ARAB COUNTRIES IN THE CONTEXT OF MILLENNIUM DEVELOPMENT GOALS

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## Abbreviations

| | |
|---|---|
| AD | anti-dumping |
| AMS | Aggregate Measurement of Support |
| AMU | Arab Maghreb Union |
| ASEAN | Association of Southeast Asian Nations |
| ATC | Agreement on Textiles and Clothing |
| CAEU | Council of Arab Economic Unity |
| CAFTA | Central American Free Trade Agreement |
| CAP | Common Agricultural Policy |
| CBD | Convention on Biological Diversity |
| CBI | Caribbean Basin Initiative |
| COMESA | Common Market for Eastern and Southern Africa |
| DWP | Doha Work Programme |
| ENTs | economic needs tests |
| ESM | emergency safeguard mechanism |
| EU | European Union |
| FIPs | Five Interested Parties |
| GAFTA | Greater Arab Free Trade Area |
| GATT | General Agreement on Tariffs and Trade |
| GCC | Gulf Cooperation Council |
| GIs | geographical indications |
| GSTP | Global System of Trade Preferences among Developing Countries |
| IFIs | international financial institutions |
| IMF | International Monetary Fund |
| ITCB | International Textiles and Clothing Bureau |
| LDC | least developed country |
| MAFTA | Mediterranean Arab Free Trade Area |
| MC6 | sixth WTO Ministerial Conference |
| MDGs | Millennium Development Goals |
| MFN | most favoured nation |
| MRA | mutual recognition agreement |
| MTS | multilateral trading system |
| NAMA | Non-agricultural market access |
| NFIDCs | net food importing developing countries |
| NTBs | non-tariff barriers |
| OECD | Organisation for Economic Co-operation and Development |
| OIC | Organization of the Islamic Conference |
| RTAs | regional trade agreements |
| SDT | special and differential treatment |
| SPs | special products |
| SPS | sanitary and phytosanitary |
| SSM | Special Safeguard Mechanism |
| STE | state trading enterprise |
| TBT | technical barriers to trade |
| TRIMs | trade-related investment measures |
| TRIPS | trade-related aspects of intellectual property rights |
| TRQ | tariff-rate quota |
| WTO | World Trade Organization |

## EXECUTIVE SUMMARY

This report has been prepared at the request of Arab States for the High Level Arab Expert Group Meeting and the Arab Ministerial Meeting on the WTO Sixth Ministerial Conference and MDGs, held in Amman from 26-28 September 2005. It reviews developments in multilateral trade negotiations under the WTO Doha Work Programme since the WTO General Council Decision of 1 August 2004. It examines issues of interest to Arab countries in their preparation for the Sixth WTO Ministerial Conference, 13-18 December 2005, Hong Kong (China) in the context of the achievement of MDGs. The Doha negotiations need to realize the development promises made at the Doha Ministerial Conference and contribute to achieving the MDGs. UNCTAD has provided valuable support to Arab countries during its 40 years of existence. The Spirit of São Paulo and the São Paulo Consensus (SPC), two major outcomes of UNCTAD XI, further enhanced UNCTAD's mandate on the integrated treatment of trade and development and its role in the implementation of MDGs. To that end, UNCTAD will continue to support Arab countries in their efforts at assuring development gains from the international trading system and trade negotiations.

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# I. ECONOMIC TRENDS AND PERFORMANCE OF ARAB STATES

The 22 Arab States,[1] six of which are least developed countries (LDCs), form part of the most diverse and rich regions in the world, not only on a cultural and geographic level but economically as well. These countries have differing systems of governance, economic and trade policies and comparative advantages. The Arab States participate in various trade initiatives in support of their wider development. Eleven countries – Bahrain, Egypt, Jordan, Kuwait, Morocco, Oman, Qatar, Tunisia, the United Arab Emirates (UAE), Djibouti and Mauritania – are Members of the WTO. Seven countries – Algeria, Iraq, Lebanon, Libyan Arab Jamahiriya, Saudi Arabia, Sudan and Yemen – are in the process of acceding to the WTO. The Syrian Arab Republic applied for membership to the WTO in 2001. Many Arab States are involved in various bilateral and regional trade and/or integration initiatives. Several have concluded and are implementing free trade agreements with the EU and recently are negotiating agreements with the United States. Among Arab States, intra-regional integration has intensified including through the Greater Arab Free Trade Area (GAFTA), the Gulf Cooperation Council (GCC), the Arab Maghreb Union (AMU) and other schemes. Owing to Arab States engagements in various trade liberalizing arrangements, in general, they have relatively open trading regime, but this openness has produced mixed results.

In terms of their economic weight, the aggregate GDP of Arab States in 2003 was valued at US$ 692 billion, which accounted for 1.9 per cent of world's total GDP of $36 trillion. The total Arab population of about 303 million accounts for 4.8 per cent of world population. Saudi Arabia has the largest economy among Arab States, with a GDP of $ 207 billion representing some 30 per cent of the total Arab GDP. It is followed by Egypt (11.0 per cent), UAE (9.6 per cent), Algeria (9.4 per cent) and Morocco (6.5 per cent). Among the smallest economies are Comoros, Djibouti, Mauritania, Somalia (all LDCs) and Palestine.

Generally, the incidence of poverty may not be as extensive in Arab States as in other parts of developing countries, but it nevertheless exists. A recent ESCWA report notes that poverty in the ESCWA region is widespread, further aggravated by unemployment and violence, and thus remains a challenge to be addressed.[2] Unemployment, especially among women and young men, is a major problem in the Arab States, further augmented by rapidly growing populations. The per capita GDP of Arab States is US$2,282, well above $1,438 for all developing countries. However, there is significant variation in the income level at the sub-regional level, and among and within countries. West Asian countries in general enjoy relatively high per capita income with an average of about $4,171. Some of them register particularly high income level, including Qatar ($34,684), UAE ($22,130), Kuwait ($13,641), Bahrain ($12,543), Saudi Arabia ($8,561) and Oman ($7,388). Per capita incomes of North African countries are considerably lower than those in West Asia, averaging around $1,346 and close to those of developing countries as a group. Also eight Arab States have GDP per capita income levels lower than $1,000. Four LDCs have rather low income levels with per capita incomes averaging around $249.

The diversity in economic size among Arab States is also reflected in their trade and economic structures. Eleven of them, mainly in West Asia, are major exporters of petroleum

[1] Algeria, Bahrain, Comoros (LDC), Djibouti (LDC), Egypt, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Mauritania (LDC), Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia (LDC), Sudan (LDC), Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen (LDC).

[2] ESCWA, *Survey of Economic and Social Developments in the ESCWA Region 2005* (E/ESCWA/EAD/2005/5/Rev.1, 28 April 2005).

while the economies of other countries are relatively more diversified into agriculture and manufacturing. Arab States in West Asia (as well as Algeria and the Libyan Arab Jamahiriya) are characterized by a high reliance on the extraction of natural resources, particularly petroleum. Industrial activity (which include mining and quarrying but also construction), accounts for around 33 per cent of their GDP;[3] it is the most important contributor to the GDP after services sector (48 per cent). Industrial activity other than manufacturing accounts for 63 per cent of GDP for Qatar, 57 per cent for UAE, 52 per cent for Saudi Arabia, 42 per cent for Kuwait and 45 per cent for Oman. For North African countries in general, GDP is composed of 14 per cent from agriculture, 23 per cent from industry activity, 14 per cent from manufacturing, and 46 per cent from services. Manufacturing represents a significant source of economic activity for Egypt (20 per cent of GDP), Tunisia (19 per cent) and Morocco (17 per cent). Arab States have important rural populations of between 30-60 per cent, with a few exceptions (less than 20 per cent in Lebanon and Libyan Arab Jamahiriya).

In several Arab States, agricultural production remains among the primary source of income including for Comoros (42 per cent of GDP), Somalia (65 per cent), Iraq (32 per cent), Sudan (31 per cent) and Mauritania (23 per cent). The services sector is increasingly becoming the biggest contributor to gross domestic income and employment in most of the Arab States. It accounts for 74 per cent of Lebanon's GDP, 66 per cent for Bahrain, 65 per cent for Iraq, and 64 per cent for Jordan and Kuwait.

Broadly for Arab States, the period from the 1970s to 1980s was marked by reasonably good economic growth and positive social and public welfare gains leading to further income equality. This growth was spurred on largely by high oil revenues, labour migration and remittances, foreign assistance and state run governance enabling the delivery of development objectives. By the end of the 1980s however falling oil prices, growing population, rising unemployment and high public spending meant that Arab States were not able to sustain their high growth rates and development focused expenditures. Region wide GDP growth for the period 1981-1990 stood at 2.4 per cent. Economic performance generally improved between 1991 and 2002 and thereafter. GDP growth rates rose to 3.1 per cent and by 2003 they stood at 5.1 per cent, once again facilitated by a sharp rise in oil prices, an increase in crude oil production for the oil economies and improved agricultural conditions for the Maghreb region.[4]

In 2004, Arab States on the whole registered a steady economic growth performance, as compared to a 4 per cent growth of the world economy and between 5 to 5.5 per cent for developing countries. Among Arab States, some registered high economic performances while others performed poorly. West Asia[5] performed strongly, attaining 6.2 per cent growth