

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Accession of LDCs

Communication from Fiji, Papua New Guinea and Solomon Islands

The following communication, dated 13 October 1999, has been received from the Permanent Mission of the Solomon Islands.

Background

1. Under the provisions of Article XII of the Marrakesh Agreement independent customs territories may negotiate with WTO Members for accession to the WTO. The precise terms of each accession are to be negotiated with WTO Members. At present there are 29 countries seeking accession and six of these countries are LDCs (Cambodia, Laos, Nepal, Samoa, Sudan and Vanuatu). Samoa is a member of the South Pacific Forum and Vanuatu is a member of the South Pacific Forum and the sub-regional Melanesian Spearhead Group. No LDC has yet completed accession negotiations at the WTO.
2. The problems confronting any country seeking accession is that as a non-Member it has no WTO rights and in the absence of detailed rules of accession the application must negotiate the terms of accession based purely upon relative bargaining power. The negotiations are thus between an applicant seeking accession and WTO Members of the Working Party, which are usually the largest WTO Members which are most able to attend accession meetings in Geneva. In the absence of clear negotiating rules and where the applicant is a small developing country that can impose no cost on WTO Members for not agreeing to its accession then negotiations must be protracted and must ultimately result in substantial concessions by the applicant, increasingly on terms that are 'WTO-plus'. The disparities of bargaining power in accession negotiations are nowhere more obvious and demonstrably inequitable than in the case where the applicant is an LDC. The problems of LDCs in accession along with possible solutions has been raised by the EU (WT/GC/W/153) and Bangladesh (WT/GC/W/251).
3. Due to the relative weakness of LDCs and the importance that precedent plays in determining the terms of accession of larger non-WTO Members it is imperative that a separate track for the accession of LDCs be created. This will require the establishment of rules governing the accession of LDCs. By so doing this will bring the accession process into the rule based system and out of relations based purely on power of the applicant *vis-à-vis* existing WTO Members. This in turn will strengthen the multilateral trading system by facilitating Membership by countries that have not been able to effectively negotiate accession and have stayed out of the multilateral trading system.

Proposals

4. LDCs seeking accession to the WTO be recognized formally by WTO Members as LDCs at the first meeting of the Working Party and that all provisions in the WTO Agreements for Special and Differential Treatment be extended automatically and without negotiation.

5. The duration of transition periods for the implementation of WTO obligations available to LDCs that are Members of the WTO be extended automatically and without negotiating to all acceding LDCs from the date of accession.

6. LDC accession should be completed in no more than two Working Party meetings.

7. Bilateral negotiations should be based on request from principal suppliers only, in conformity with the principles of Article XXVIII and the Understanding on the Interpretation of Article XXVIII.

8. LDCs should not be asked to undertake any obligations regarding participation in plurilateral agreements.

9. Market access commitments for acceding LDCs should correspond in scope to that of WTO Members that are of a similar size and development status.
