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**THE ARUSHA DEVELOPMENT BENCHMARKS FOR THE SIXTH WTO
MINISTERIAL CONFERENCE IN HONG KONG, CHINA.**

Preamble

We, the Ministers of Trade of the Member States of the African Union meeting in our Second Extra-Ordinary session in Arusha, the United Republic of Tanzania on 24 of November 2005 to review the state of play in the negotiations under the Doha Work Programme (DWP) and coordinate Africa's contribution to the Sixth Session of the WTO Ministerial Conference to be held in Hong Kong, China from 13 to 18 December, 2005.

Reiterating the African agenda contained in the Cairo Declaration and its annex, the Cairo Roadmap on the Doha Work Programme adopted at our Third Ordinary Session and endorsed by the 5th Session of the AU Assembly of Heads of State and Government;

Recalling the commitment undertaken by the WTO Members at Doha to place the needs and interests of developing countries and, in particular least developed countries, at the heart of the WTO work programme;

Reaffirming the need for the negotiations to be inclusive and transparent to ensure political ownership of the process and the outcome of the negotiations;

Recognizing that the successful completion of the DWP is vital for enhancing the trade and development prospects of African countries and a priority for the achievement of the Millennium Development Goals by our countries;

Deeply concerned at the lack of political will by some WTO Members to build on the momentum created by the General Council Decision adopted on 1ST August 2004 as manifested in the limited progress on the core elements of the development dimension of the DWP;

Emphasizing the need for the Sixth Ministerial Conference in Hong Kong to deliver a balanced and fair outcome, progress towards meeting the objectives of achieving full modalities while maintaining the high level of ambition agreed upon in Doha;

Underscoring the imperative for the Sixth Session of the WTO Ministerial Conference to focus on the development objectives of the Doha Work Programme;

Hereby adopt the Arusha Development Benchmarks for the Sixth WTO Ministerial Conference.

We thank the Government and the people of the United Republic of Tanzania for the warm hospitality extended to us and for all the excellent facilities put at our disposal.

Done in Arusha, Tanzania on 24 November 2005

**THE ARUSHA DEVELOPMENT BENCHMARKS FOR THE SIXTH WTO
MINISTERIAL CONFERENCE IN HONG KONG, CHINA.**

Reclaiming the Development Agenda:

1. We are concerned about the inadequacy of recent proposals by some key developed countries and subsequent lack of flexibility to substantially reduce or eliminate agricultural protectionism and subsidies as well as their failure to incorporate flexibilities for African countries which we consider as central to the development objectives of Doha Round and the key to progress in Hong Kong.
2. We are committed to meaningful negotiations which will ensure that the Sixth Ministerial Conference in Hong Kong delivers a balanced and fair outcome and makes progress towards achieving full modalities and maintaining the level of ambition agreed at Doha.
3. For Africa, development outcomes in each of the negotiating areas remains the *raison d'être* of the Round. This means that tangible development results must be evident within each negotiating area and in the overall outcome.
4. In order to ensure that a fair and equitable, rules-based multilateral trading system is the result of the negotiations, sufficient time must be accorded to S&D and other elements within each negotiating area. Further delay to progress in the DDA carries higher costs to developing countries in general, and African countries in particular, as existing inequalities and imbalances increase.

Process

5. We reiterate the need for full inclusiveness and transparency in the negotiations to ensure political ownership of both the process and the outcome of the negotiations. In this regard, African Countries should be adequately represented in all preparatory meetings of the Hong Kong China, Ministerial, more particularly in any restricted meetings.

Development

6. We emphasize that the success of the Doha Round will be measured by its development outcomes. For Africa, the priority areas are:
 - a) Market access for products of export interest to African countries;
 - b) Removal of structural distortions in agricultural markets;

- c) Obligations to be undertaken by African countries should be proportional and commensurate with their level of development; and
- d) Increased financial assistance for countries that will experience adjustment costs and technical assistance for trade capacity building and improvement of Africa's competitiveness.

7. We are concerned at the failure to deliver any tangible results on development issues, despite the characterization of the work programme launched at Doha as a "development round". Accordingly, the outcome of 6th Ministerial Conference Hong Kong, China, must ensure:

- a) Substantive movement towards meaningfully addressing Implementation-related issues and concerns;
- b) Policy space and flexibilities should be mainstreamed in all aspects of the negotiations in order for African countries to achieve their legitimate development goals;
- c) Progress on the work on paragraph 44 of the Doha Ministerial Declaration relating to Special and Differential Treatment, including work on the establishment of a Framework Agreement on development;
- d) That all issues related to Africa's development needs are properly reflected in the outcomes of the negotiations, notably the issues relating to enhanced technical assistance, food security, rural development, livelihood, preference erosion, commodities and Net Food-Importing Developing Countries (NFIDCs) are fully taken into consideration.

8. We urge that the work on development issues should proceed in tandem and have the same level of specificity as all other elements of the negotiations.

Technical Assistance

9. We emphasize the need for a new institutional framework and a clear mechanism for managing all the assistance and capacity building programmes within the WTO.

10. We remain committed to constructive discussions with our trading partners in the developed world, as well as with different developing countries, in order to achieve the desired development deliverables of the round.

Aid for Trade

11. We reiterate the centrality of adequate and predictable development assistance for trade capacity building for African countries. We emphasize the need for a firm commitment to expand development assistance for trade capacity building in all African countries. The proposed Aid for Trade Initiative should focus not only on the capacity to negotiate, adjust, produce and trade, but also lead to better market access, improved infrastructure and address supply-side constraints. Such aid should come in grant form without compromising on Members negotiating positions. In this regard, we emphasize the establishment of a mechanism that, after consultation with Members, will develop and submit proposals to the General Council by March 2006.

Agriculture

12. We consider progress in the Agriculture negotiations as critical to Africa's development as the reform programme holds the potential to lift millions of our people out of poverty. We underscore the need for any agreement in 6th Ministerial Conference Hong Kong, China to encompass full operationalization of all S&D elements as well as the same level of specificity on vital issues for Africa , inter alia , longstanding preferences, SPs , SSM, issues relating to NFIDCs and LDCs as with other elements of the negotiation.

13. We support full respect for exemption of LDCs from any reduction commitments in agriculture.

14. We consider progress in the agricultural negotiations as essential for the successful conclusion of the Doha Work Programme. In this regard, the following critical elements must be taken into account.

I. Market Access:

- a) Full operationalization of the principle of proportionality in the reduction of tariffs, and the need to take into account the different tariff structures of Members;
- b) Provision of policy space and flexibilities that would allow our countries to pursue agricultural policies that are supportive of our development goals, poverty reduction strategies, food security and livelihood concerns, while ensuring improved market access for the agricultural products of African countries, both in primary and processed forms;

- c) Substantial improvement in market access for products of export interest to African countries. In this regard, special attention should be given to tariff escalation, tariff peaks and non-tariff barriers;
- d) Designation and treatment of the special products must be devised in a way that provides maximum flexibility to the African countries to reflect particular domestic circumstances and development needs .The SSM to be established for the developing countries should be operationally effective to address the specific circumstances of the African Countries;
- e) Specific and concrete mechanisms and solutions to the problems of preference erosion must be devised within the WTO context to fully address the concerns of African countries in accordance with paragraph 44 of the August, 1st, 2004 General Council Decision. The consideration of this issue should be paramount when designating the list of sensitive products by developed countries.

II. Domestic Support:

- a) Need to review the Green Box Criteria to provide policy space for developing countries;
- b) Review and tighten the Green Box Criteria for developed countries to ensure that it is non or minimally trade distorting;
- c) The tightening of the criteria for the Blue Box measures is critical;
- d) Modalities should include disciplines to prevent box shifting;
- e) African countries must be exempted from de minimis and AMS reduction commitments;
- f) African countries must be allowed to maintain policy space for the development of the farming communities; based on the fair and equitable targets of poverty reduction, food and livelihood security, and rural development; and
- g) African countries underline the importance of meeting the Doha objective of real reductions in trade distorting domestic support.

III. Export Competition:

- a) The need or the elimination of all forms of export subsidies on agricultural products by 2010. This elimination shall be without prejudice to S&D treatment of NFIDCs and LDCs;

- b) Interests of food aid recipients must be taken into account in developing disciplines on food aid;
- c) Immediate implementation of the Marrakech Decision on NFIDCs and LDCs, in accordance with paragraph 4 of the Decision , as it is long overdue; and
- d) State Trading Enterprises (STEs) in Africa play an important developmental and poverty alleviation role and in this regard, African countries' STEs should be exempted from the application of any disciplines.

Cotton

15. We stress the importance of cotton for African countries and the urgent need to achieve concrete results at 6th Ministerial Conference Hong Kong, China. In this respect, we call for :

- a) Total elimination by the 31st December 2005 of export subsidies;
- b) Substantial reductions of domestic support measures that distort trade on cotton, under the following time frame :
 - i. 80% by the 31st of December 2006.
 - ii. 10% by the 1st January 2008.
 - iii. 10% by the 1st of January 2009.
- c) Elaboration of disciplines that prevent shifting of domestic support between different boxes;
- d) Setting up of Emergency Fund to address cotton revenue deficits resulting from cotton price depressions in the international markets;
- e) Mobilization of the technical and financial assistance for the reinforcement of the cotton sector in Africa that will build capacity of African Countries to process and add value to cotton and its by products; and
- f) Improved market access through the provision of duty free and quota free access for cotton and its by-products for the LDCs cotton producers and net exporters.

Commodities

16. We emphasize that commodities play an important role in supporting the livelihood, food security and rural development needs of African

countries. We stress the need to establish concrete modalities for addressing the issues of the volatility of commodity prices in accordance with proposals in JOB(05)/113 submitted by some African countries.

17. In this regard we endorse the recommendations contained in the section 4 of the Arusha Declaration and Plan of Action on Commodities including volatility of commodity prices and supply side constraints adopted in Arusha, the United Republic of Tanzania on 23rd November 2005.

Non-Agricultural Market Access

18. We urge that NAMA negotiations must take into account the developmental, financial, and industrial needs of the diverse range of African economies. Accordingly, African countries view the following elements as critical in the NAMA negotiations:

- a) An appropriate formula or any other tariff reduction approach that incorporates development factors and concerns and would allow African countries to pursue industrial policy, employment creation and diversification objectives and take as priority the Special and Differential Treatment and less than full reciprocity;
- b) Due to the critical importance of preferences for African countries and the likely negative impact of erosion of such preferences on their economies, a methodology should be agreed upon to identify those products likely to be affected for a special treatment in the negotiations as proposed in the ACP TN/MA/W/53 and the African Group proposal TN/MA/W/49;
- c) Preserve policy space and flexibility that fully takes into account African countries developmental, financial and industrial needs, which averts the risk of de-industrialization and fiscal revenue constraints and its attendant negative consequences on poverty reduction;
- d) These flexibilities should allow African countries the means to determine their commitment levels, including binding coverage, commensurate with their development objectives;
- e) The conditions in Para (6) of the Annex B of the August 1st, 2004 General Council Decision should be relaxed to give the African Countries concerned adequate flexibilities to pursue their development and industrial objectives;
- f) In this regard, the provision of flexibilities for developing countries is an essential element of the NAMA package and cannot be made conditional to other elements, including the formula, nor as fulfilling

the principle of the less than full reciprocity, as this would alter the balance of Annex B;

g] Flexibilities under paragraph 8 of the Annex B are stand-alone provisions and should not be linked to the formula. These flexibilities are constrained and therefore constitute a minimum requirement that may need to be broadened to provide the policy space needed by African countries;

h] Exclude sectoral initiatives because of their potential detrimental effects on African countries;

i] Full respect for LDCs exemption from tariff reduction commitments and full flexibility with regard to binding coverage;

j] The reduction and elimination of NTBs, in order to meet the development objectives of these negotiations, and the need to ensure that work on NTBs be conducted in tandem with other elements of the Annex B;

k] NTBs faced by products of export interest to African countries should be eliminated as a priority;

l] Measures that are consistent with the existing WTO Agreements and applied by African countries to meet their developmental objectives shall not be compromised in the NTBs negotiations.

Services

19. We remain committed to the services negotiations and underscore the need to maintain the development-friendly architecture of the GATS and the negotiations there under. We stress the following:

- a. Our concerns on the issue of complementary approaches, and oppose the inclusion of approaches that are incompatible with the spirit and structure of the GATS;
- b. That the establishment of any quantitative individual or collective targets would undermine the flexibilities provided for developing countries in the GATS provisions and the existing negotiating guidelines and procedures. We are therefore opposed to qualitative and quantitative targets, modal targets as well as sectoral negotiations, or any language on the plurilateral request/offer approach that goes beyond the negotiating guidelines;
- c. That special attention should be accorded to the needs and interests of small service suppliers of African countries;
- d. The importance of maintaining GATS provisions for the right of members to regulate their services sector and to open-up fewer

sectors and liberalize fewer types of transactions in line with their development situation;

- e. The effective implementation of the provisions of Article IV of the GATS, and we are concerned with the continued disregard of this issue in both the negotiating process and the draft Ministerial text;
- f. The Ministerial text must ensure that members make commercially meaningful commitments in sectors and modes of supply of export interest to developing countries, particularly in Mode IV;
- g. The need to intensify the rule-making negotiations in order to develop pro-development disciplines, particularly in domestic regulation and emergency safeguard measures; and
- h. The full and effective implementation of LDCs modalities.

TRIPS and Public Health

20. The issue of TRIPS and Public Health is of crucial importance for African Countries. We are committed to finding an expeditious and appropriate permanent solution based on paragraph 11 of the General Council Decision of 30th August 2003, while maintaining the balance therein. The solution should be put in place before the Hong Kong-China Ministerial Conference.

Least Developed Countries (LDCS)

21. We reiterate the importance of incorporating the specificities of LDCs in all areas of the negotiations, as they require special treatment, due to their level of development. To this end, we call for:

- a) LDCS to be exempted from undertaking any reduction commitments;
- b) Developed countries and developing countries in a position to do so to provide LDCs with bound duty free and quota free market access for all LDCs for all products, and ensure that preferential rules of origin applicable to imports from LDCs are simple and transparent and contribute to facilitating market access;
- c) LDCs to be provided with policy space and flexibilities in order to pursue their development goals, including the use of Trade-Related Investment Measures (TRIMS) for development purposes;
- d) LDCs to be provided with adequate and appropriate technical assistance and capacity building in order to build export capacities and competitiveness. In this regard, we the African Ministers continue to attach high priority to the Integrated Framework for LDCs. We welcome the decision of the IMF and the World Bank for an enhanced

IF. We recognize the agreement at the IF Steering Committee on the three elements forming part of an enhanced IF namely: increased, additional and predictable financial resources, strengthened capacities in the IF beneficiaries to manage and implement the programmes; and

- e) We urge the developed partners to substantially increase their contribution to the IF.

Trade Facilitation

22. We attach great importance to the issue of trade facilitation and remain engaged in the work in this area. We reaffirm the importance of the S&D and Technical Assistance and Capacity Building (TACB) components and the linkages of Annex D in the August 1st, 2004 General Council Decision.

23. We reiterate that the commitments in Annex D mandate on TACB be reaffirmed, reinforced and made operational in a timely manner and that developed countries continue to intensify their support in a comprehensive manner, on substantial basis and backed by secure funding.

24. We call for the deepening and intensifying of negotiations on special and differential treatment, with the view to arriving at S&D provisions that are precise, effective, operational and allow for necessary flexibilities in implementing any possible outcome of the negotiations.

Trade and Environment

25. We note the progress made in the trade and environment negotiations since Doha. We caution against any undue pressure in this area, and call on more efforts to be made to facilitate effective African participation in these areas, to ensure that there are gains to be made for the region. All elements of the mandate should be treated equally.

Rules

26. In the negotiations on WTO Rules, the following issues are key for achieving progress:

- a) The need to avoid the introduction of more complex rules and disciplines under the Anti-Dumping Agreement and the Agreement on Subsidies and Countervailing Measures;

- b) The provision of adequate technical assistance to African countries in order to enable them effectively enforce their rights under the Anti-Dumping Agreement as well as the Agreement on Subsidies and Countervailing measures;
- c) Flexibility for subsidies accorded by African Countries to their fisheries infrastructure development be non-actionable;
- d) The need for WTO members to keep in mind the importance of fisheries for livelihood, food security, and sustainable development in Africa. Additionally, the rules negotiations should address our concerns regarding over depletion of fish stocks and threats to sustainable fisheries in Africa.
- e) The need to address sufficiently the development dimension of these negotiations by ensuring that when elaborating proposals, the needs and concerns of African countries are reflected therein;
- f) The development aspects are taken fully into account in the negotiations aimed at clarifying and improving disciplines and procedures relating to regional trade agreements;
- g) Clarification and improvement of disciplines and procedures relating to regional trade agreements, as mandated under Paragraph 29 of the Doha Ministerial Declaration, should not reopen the *Enabling Clause under transparency or systemic issues* in RTA negotiations as this would not meet Africa's developmental needs; and
- h) Negotiations on systemic issues should include appropriate flexibilities and S&D to take into account the development concerns of African countries.

Accession:

27. We note with concern that no African State has acceded to the WTO since its establishment in 1995. In order to facilitate the accession of African LDCs, Members should fully implement the "Guidelines on WTO Accession Procedures for LDCs" adopted by the General Council in December 2002 without seeking excessive and strenuous commitments.

28. We request that Members should respond rapidly to African countries that have applied to commence their accession process, by not using non-trade considerations that delay accessions, and also refrain from making excessive onerous demands on the applications of African countries during the accession negotiations.

29. Acceding African LDCs should benefit from the S&D provisions that would emerge from the DDA negotiations.

Work Programme on Small Economies

30. We call on WTO Members to fully address the specific needs and trade-related problems of small economies in the context of the work programme mandated by the Doha Ministerial Declaration.

Trade, Debt and Finance

31. We recognize the Working Group on Trade, Debt and Finance (WGTDF) as one of the concrete manifestations of the development focus of the Doha Work Programme. We emphasize the linkage between trade, debt and finance for African countries, is at the heart of the development concerns. We note the debt situation of several African countries and call upon WTO Members to make progress at the Hong Kong Ministerial Conference, to resolve the trade-related aspects of debt, through delivering on the coherence mandate.

Trade and Transfer of Technology

32. We recognize the working group on trade and transfer of technology as one of the concrete manifestations of the development focus of the Doha Work Programme. Technology Transfer is a major prerequisite to our meaningful participation in World Trade. If Africa is to overcome its present plight of technological deficiency, technology transfer must be mainstreamed in the multilateral trading system.

Dispute Settlement

33. We are concerned with lack of progress in the negotiations in this area. We therefore urge that the negotiations in this regard be expedited, taking into account Africa's concerns as contained in our proposals that are aimed at assisting Africa utilize the DSU.