

# Small is Beautiful:

What does the current special and differential treatment discussion mean for small states?

**Dialogue on Global Economic Governance**

**World Trade Institute**

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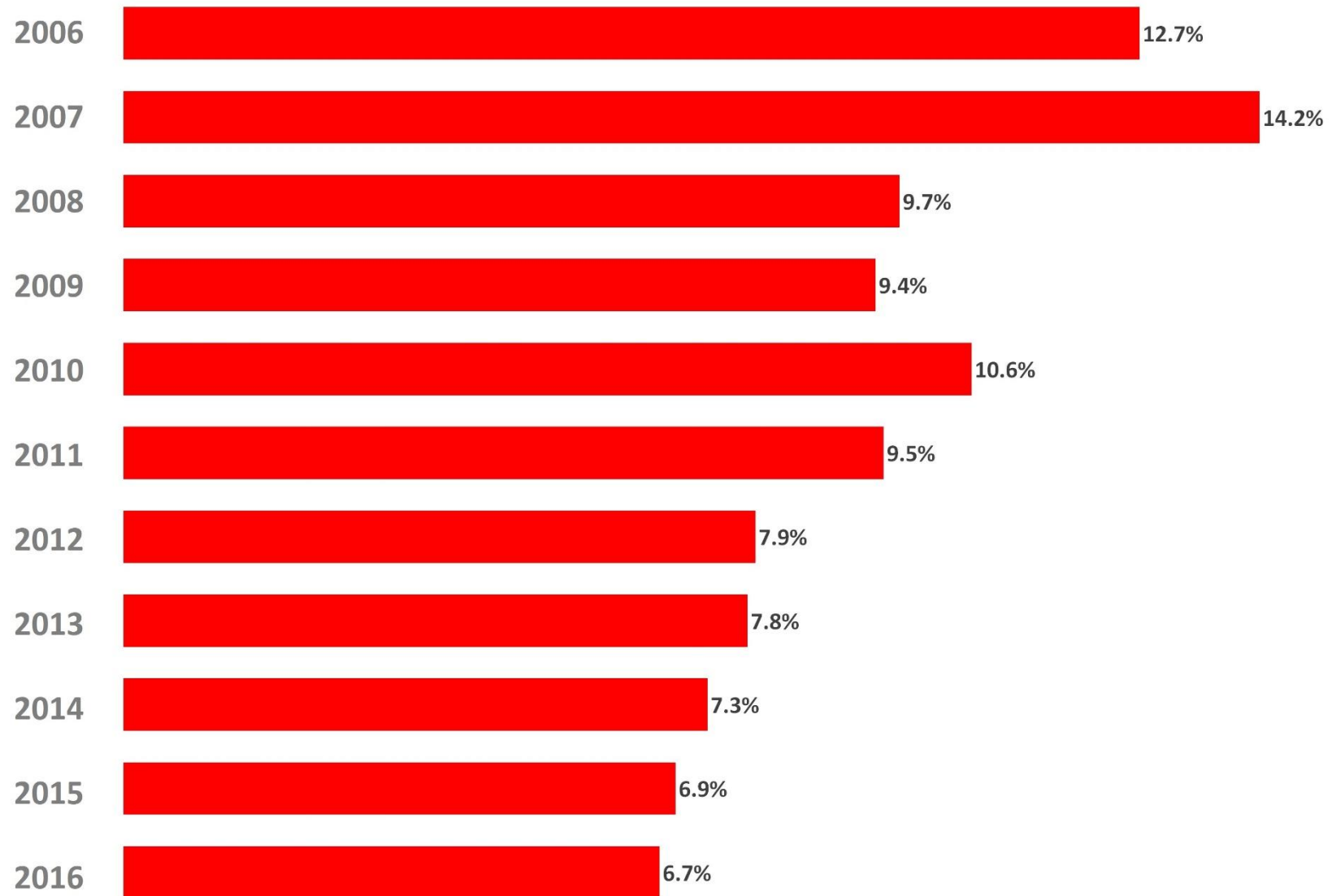
International Trade Centre

3 April 2019

"President Trump welcomed Brazil's ongoing efforts regarding economic reforms, best practices, and a regulatory framework in line with the standards of the Organization for Economic Cooperation and Development (OECD). President Trump noted his support for Brazil initiating the accession procedure to become a full member of the OECD. **Commensurate with its status as a global leader, President Bolsonaro agreed that Brazil will begin to forgo special and differential treatment in World Trade Organization negotiations, in line with the United States proposal.** President Bolsonaro thanked President Trump and the American people for their hospitality."



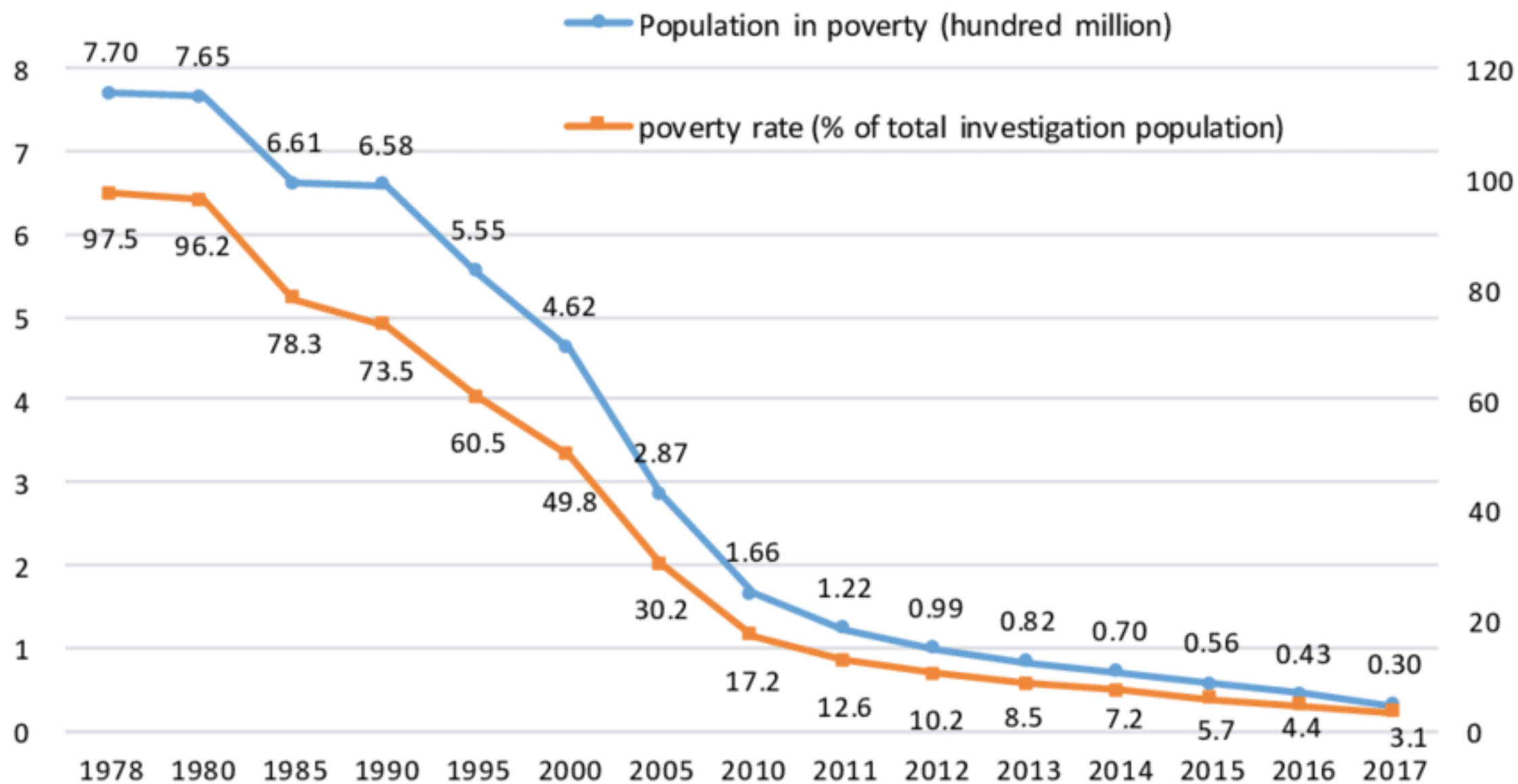
## GDP growth in China



Source: World Bank

hundred million

%





A word cloud in a light blue cloud shape. The words are of various sizes and colors, including blue, green, red, yellow, orange, purple, and teal. The words are arranged in a somewhat circular pattern, with some words being larger and more prominent than others. The words include:

- Old Fashioned
- SVEs
- Coherence
- Tactics
- Escape Clause
- ACP
- 20th Century
- Useless
- Technical Assistance
- China
- Pawn
- Small States
- Sine Qua Non
- Balance
- For LDCs
- Needs Updating
- WTO
- Political
- Flexibility
- Necessary
- Opt Out
- Transition
- TF Model



15 February 2019

(19-0911)

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**General Council  
28 February and 1 March 2019**

Original: English

**DRAFT GENERAL COUNCIL DECISION****PROCEDURES TO STRENGTHEN THE NEGOTIATING FUNCTION OF THE WTO***Decision of X Date*

The following communication, dated 15 February 2019, is being circulated at the request of the delegation of the United States.

\_\_\_\_\_

The General Council,

*Acknowledging* that full implementation of WTO rules as negotiated by Members can contribute to economic growth and development and the need to take steps to facilitate full implementation;

*Recognizing* the great strides made by several WTO Members since the establishment of the WTO in accomplishing the goals set out in the *Marrakesh Agreement Establishing the World Trade Organization*, of "raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development...;"

*Recognizing* that not all WTO Members have enjoyed equal rates of economic growth and development since the establishment of the WTO;

WT/GC/W/764

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*Recognizing* the plight of the least-developed countries and the need to ensure their effective participation in the world trading system, and to take further measures to improve their trading opportunities;

*Recognizing* that reserving flexibilities for those WTO Members with the greatest difficulty integrating into the multilateral trading system can open new export opportunities for such countries; and

*Desiring* to strengthen the negotiating function of the WTO to produce high-standard, reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international trade relations;

*Agrees* as follows:

To facilitate the full implementation of future WTO agreements and to ensure that the maximum benefits of trade accrue to those Members with the greatest difficulty integrating into the multilateral trading system, the following categories of Members will not avail themselves of special and differential treatment in current and future WTO negotiations:

- i. A WTO Member that is a Member of the Organization for Economic Cooperation and Development (OECD), or a WTO Member that has begun the accession process to the OECD;
- ii. A WTO Member that is a member of the Group of 20 (G20);
- iii. A WTO Member that is classified as a "high income" country by the World Bank; or
- iv. A WTO Member that accounts for no less than 0.5 per cent of global merchandise trade (imports and exports).

Nothing in this Decision precludes reaching agreement that in sector-specific negotiations other Members are also ineligible for special and differential treatment.

\_\_\_\_\_



# SVES mandate

We agree to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies. The objective of this work is to frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members. The General Council shall review the work programme and make recommendations for action to the Fifth Session of the Ministerial Conference.



# How can we take S&DT forward:

- Do not allow it to be a diversionary tactic
- Use the SVEs story to see how country specific flexibilities can be used
- Use the TF approach to flexibilities as a basis
- Link flexibilities and TA/CB
- Encourage some developing countries not to claim use of S&DT provisions

## Countries categorisation (% of measures in each category)

Rank	Country	A	B	C
1	Nigeria	15.1%	42.4%	42.4%
2	Pakistan	25.6%	42.9%	31.5%
3	India	72.3%	27.7%	0%
4	South Africa	90.3%	9.7%	0%
5	Thailand	91.6%	8.4%	0%
6	China	94.5%	5.5%	0%
7	Brazil	95.8%	4.2%	0%
8	Korea	100%	0%	0%

## China

### Share of Categories A, B, C

Based on % of all notifiable items



● A – 94.5% ● B – 5.5% ● C – 0.0% ● Not yet notified – 0.0%

TTAD (Trade Facilitation Agreement Database) [www.tfadatabase.org](http://www.tfadatabase.org)

## India

### Share of Categories A, B, C

Based on % of all notifiable items



● A – 72.3% ● B – 27.7% ● C – 0.0% ● Not yet notified – 0.0%

TTAD (Trade Facilitation Agreement Database) [www.tfadatabase.org](http://www.tfadatabase.org)

## Brazil

### Share of Categories A, B, C

Based on % of all notifiable items



● A – 95.8% ● B – 4.2% ● C – 0.0% ● Not yet notified – 0.0%

TTAD (Trade Facilitation Agreement Database) [www.tfadatabase.org](http://www.tfadatabase.org)

## South Africa

### Share of Categories A, B, C

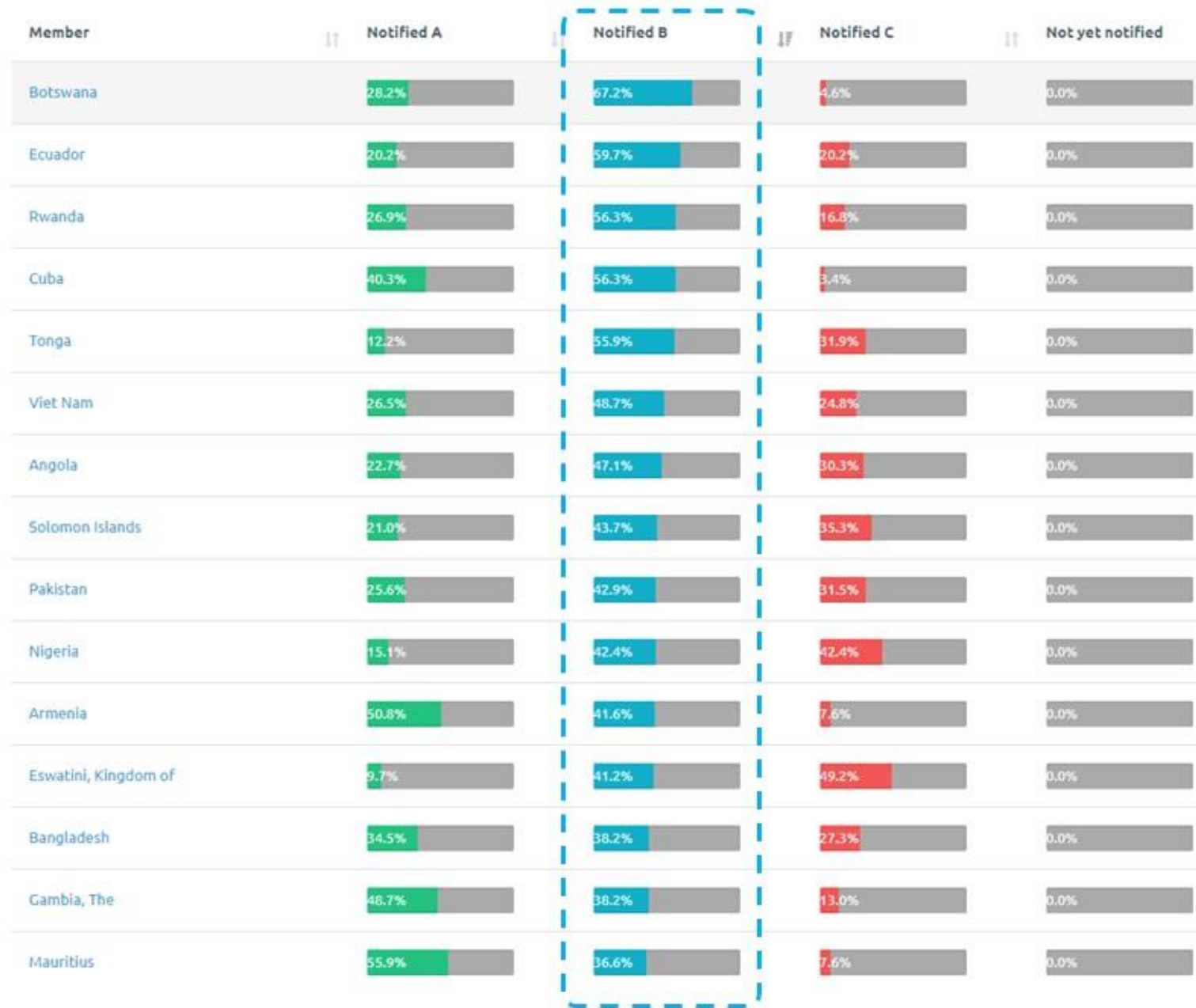
Based on % of all notifiable items



● A – 90.3% ● B – 9.7% ● C – 0.0% ● Not yet notified – 0.0%

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## Top 15 countries with most measures in category B





## Top 15 countries with most measures in category C



**BE RULE MAKERS  
AND NOT RULE  
TAKERS**