

# The WTO Nairobi Ministerial

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## Related Author

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- [Rachel F. Fefer](#)

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Rachel F. Fefer, Analyst in International Trade and Finance ([rfefer@crs.loc.gov](mailto:rfefer@crs.loc.gov), 7-1804)

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The [10th Ministerial Conference](#) of the World Trade Organization (WTO), held in Nairobi, Kenya, concluded with no clear path forward for the Doha Development Agenda (DDA). While the [Ministerial Declaration](#) clearly affirms the WTO as an important consensus-driven multilateral institution, it does not clearly endorse the continuation of DDA and reflects an ongoing wide division among members.

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"We recognize that many Members reaffirm the Doha Development Agenda, and the Declarations and Decisions adopted at Doha and at the Ministerial Conferences held since then, and reaffirm their full commitment to conclude the DDA on that basis. Other Members do not reaffirm the Doha mandates, as they believe new approaches are necessary to achieve meaningful outcomes in multilateral negotiations." Nairobi Ministerial Declaration Part III, Art. 30.

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Trade ministers and their senior representatives in Nairobi did reach consensus on a limited set of deliverables.

- Parties finalized the revised [Information Technology Agreement](#) (ITA), further cutting tariffs on information technology products. Its expansion is to eliminate tariffs over a seven-year period on 201 additional goods over the 1996 original ITA. According to the WTO, the goods represent \$1.3 trillion in annual global sales (10% of global trade), [\\$180 billion by U.S. companies](#). Notably, Turkey, an original ITA member, did not join the revised version and [China](#) maintained lengthy staging timeframes (up to 7 years) on tariffs for approximately 40% of the items covered.
- Negotiators agreed to nonbinding [preferential rules of origin for least developed countries](#) (LDCs), stating that a "[p]reference-granting Member shall ... consider...allowing the use of nonoriginating materials up to 75% of the final value of the product..." and they also agreed to extend the [services waiver](#) for granting preferences to LDCs.
- The agricultural package addressed [export competition](#), phasing out export subsidies immediately in developed countries and in three years for developing countries (with some exceptions), ensuring that any remaining subsidies do not have trade-distorting effects, and requiring transparency. However, none of the commitments are legally binding or subject to dispute settlement. The text reflects the 18-month repayment period for export financing sought by the United States. The agreement also contains a Chinese proposal to carve out some state-owned enterprises from export competition commitments. The food aid provisions, similar to a U.S. proposal but weaker than those proposed by several countries, do not place a limit on monetization (counting donated food items sold by nongovernmental organizations in a country as aid). Members also agreed to continued review of the [special safeguard mechanism](#) (allowing developing countries to temporarily raise tariffs in cases of import surges) and continued negotiation of a resolution on [public stockholding programs](#) for food security, both pushed

by India.

Work on two other WTO agreements is to go on into 2016. Negotiators are to continue to work on finalizing the scope of products to be covered under the tariff-cutting [Environmental Goods Agreement](#). The [Trade Facilitation Agreement](#), which aims to streamline the flow of goods across borders, has been ratified by 63 members and would be implemented once the required two-thirds of WTO members have ratified the deal. The Ministerial also welcomed the accessions of Afghanistan and Liberia.

The WTO's future as a viable and effective multilateral trade negotiating organization remains in doubt. The DDA "round" of multilateral trade negotiations, launched in November 2001, is largely stuck due to differences between developed and developing countries (see CRS In Focus IF10002, [The World Trade Organization at 20](#), by Ian F. Fergusson). Most [developing countries](#) want to continue to link the broad spectrum of agricultural and nonagricultural issues under DDA, maintaining that unless all issues are addressed in a single package, issues important to developing countries will be ignored. Conversely, the largest economies have pushed for change, arguing that the WTO needs to address new issues, such as currency manipulation, investment, and e-commerce, especially given the growth of major developing markets, such as China and India.

Looking forward, the [Nairobi Declaration](#) underscored the importance of a multilateral rules-based trading system with regional and plurilateral agreements as a complement, not a substitute, to the multilateral forum. [While USTR Ambassador Michael Froman](#), as well as his [European counterpart](#), support continued efforts to address outstanding issues from the DDA, they advocate for new approaches rather than the single-undertaking process in which no issue can move forward without progress in all other areas. Such approaches could include delinking agriculture and various nonagriculture issues within the WTO context, pursuing separate sectoral agreements. One idea, [floated by the Kenyan Cabinet Secretary](#) who chaired the ministerial meeting, would be to eliminate the negotiating function of the WTO, leaving its dispute settlement, trade policy review, and other functions in place. That course, though, could lead the institution to become less relevant if the trade rules and future trade liberalization are developed in other forums.

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"Our work in Nairobi marks a turning point for the World Trade Organization.... As WTO members start work next year, they will be freed to consider new approaches to pressing unresolved issues and begin evaluating new issues for the organization to consider" - [USTR Ambassador Michael Froman](#)

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Members may seek to redefine the future of WTO. Without a sufficiently clear path forward, the multilateral forum could weaken as an institution. Outside the WTO, members likely will continue to pursue regional agreements or sector-specific plurilateral deals (e.g., Trade in Services Agreement) where progress could be made more readily by assembling coalitions of interested parties rather than the consensus-driven WTO forum. However, that progress may have a price. A further proliferation of bilateral, plurilateral, or sector-specific deals could lead to an ever-more-complex patchwork system of rules, increasing costs for companies seeking to do business internationally. It could also further marginalize developing countries whose economies do not align with the interests or free trade agreement plans of larger countries.