

**CGD-ODI Global Trade Preference Reform Consultation Meeting,
ODI, London, 3rd July, 2009
Summary and Conclusions of Meeting**

1. Background

The purpose of the consultation meeting was to discuss and address key questions arising from the Working Group. These are contained in Annex A. The aim was to obtain concrete recommendations and feedback from the discussion to convey to the Working Group. The intention was to identify areas of commonality that would help formulate evidence-based policy for international cooperation, as well as identifying areas for future research to help frame future policy.

The consultation meeting was jointly chaired by Randall Soderquist, Centre for Global Development and Susan Prowse, Overseas Development Institute. A list of meeting participants is contained in Annex B. This summary is without attribution and is purely to inform the Working Group of views expressed.

The co-chairs briefly outlined the purpose of the consultation. They emphasized the need for constructive dialogue around the issue of achieving viable policy recommendations for preference giving countries, in order to improve and coordinate their preference programmes to better serve development objectives. It was stressed that the Working Group considered effective stakeholder engagement imperative to the final outcome, the policy recommendations and influencing agenda of the Working Group.

The questions were grouped into three areas; (i) broad policy recommendations and proposals (ii) specific preference policy and measures and (iii) complementary policy. To facilitate the process, discussants were identified to lead on each of the three subject areas with a five (maximum ten) minute early intervention.

2. Summary

The group identified ten specific areas of importance. They were as follows:

1. Potential to deepen preferences through services, including government procurement, were identified; notably mode 4 (recognising the political economy issues but also the potential benefits). Tourism and financial services were highlighted. Also the benefits of vertical linkages, for example of telecoms and agricultural and rural development, were highlighted.
2. 100 percent coverage of DFQF to LDCs implies that some LICs will be negatively affected. To what extent should political economy issues be considered, and possibility of “compensation”, for these low-income countries.
3. Given increased influence of BRICs and south-south trade, is there a need to look at broadening the agenda to include preference schemes of China/Brazil/India and ability to influence BRICS to improve their systems, that is to encourage collective action and global partnerships to help poorest. This could be used as an influencing

tool to encourage others to follow. This was considered more likely with improvements/movement from US/EU.

4. Options for broader country coverage, notably to expand to SVEs. While there was considerable sympathy to increase coverage of schemes to this group, many recognised the political economy issues and also the need to “compensate” those that might not “make it” into the category.
5. Is it known which countries will benefit from 100 percent DFQF (of the LDCs) and from improvements in ROOs. Of the providers, who needs to give the most and what are the domestic adjustment requirements. It was recognised that the literature is by no means clear.
6. How can this work best be taken forward. Many felt that the results of the working group may not be supported by a sufficiently strong political lobby. Some felt consideration should be given to establishing a special forum for influence given that G8/G20 are somewhat “ineffective” on this issue.
7. There were a number of recommendations on ROOs simplification through global cummulation plus value added, transformation and consideration to mutual recognition; applied to LDCs/GSP.
8. Given complexity of supply chains, is there a need to think about harmonisation around regional and/or local clusters. If the aim is to deepen utilisation many felt that it would be beneficial to concentrate on one region.
9. There was much discussion on the role and scope for applying conditionality. In sum however most felt that if for political economy reasons there was a need to include conditional requirements these should apply third party criteria/norms (for example on labour standards use ILO conventions).
10. Many reiterated the need to ensure that preference schemes were fully supported through effective aid for trade. Many confirmed a need for financial mechanisms to support preference systems (including TRCB/ and support for complementary policy) and future preference erosions.

3. Outcome and Conclusion

The Chair asked participants to rank these ten areas identified, in order of importance. Table 1, below, provides a summary of the outcome. As it shows, the most important issues relate to improving rules of origin, and providing effective and meaningful aid for trade for complementary policy support, supply response and for eventual preference erosion. The next area considered important was to assess exactly who the major beneficiaries to preference reform are likely to be and which providers have the most to do. Widening the preference givers to include action by BRICs was also deemed important and, notably, to influence traditional partners to go further.

In terms of research, participants identified four areas where the literature was unclear, ambiguous and/or insufficient and these relate to: (i) scope and potential to deepen preferences to service sectors and notably financial services; (ii) identification of the prime beneficiaries of proposed preference reform, to include moving to 100 percent on DFQF to LDCs and simplification of ROOs; (iii) a comparison of the systems by traditional and non-traditional preference schemes (i.e. those of the BRICs) and (iv) specific aid for trade assistance to support a preference reform agenda.

Table 1 – Ranking Table

Outcome:

No.	Issue		Rank
1	Services		5
2	100%		7
3	BRICS		4
4	Broader coverage (SVEs)		6
5	Who benefits		3
6	Forum / voice		7
7	Roos		1
8	Supply Chains		7
9	Conditionality		7
10	Complementary Policies		1