

*Presentation at Nanyang Technical University, Singapore,
August 3rd 2005*

The WTO, Developing Countries and the Doha Round

David Greenaway
University of Nottingham



OUTLINE

- **Context**
- **The GATT and the Rounds System of Trade Liberalisation**
- **GATT, WTO and Developing Countries**
- **The Doha Development Round**
- **Beyond Doha**
- **Conclusions**

REFERENCES

- David Greenaway and Chris Milner 'Multilateral Trade Reform, Regionalism and Developing Countries' in S. Lahiri (ed.) *Regionalism and Globalisation* (Routledge 2001), Chapter 7.
- Raed Safadi and Sam Laird 'The Uruguay Agreements: Impact on Developing Countries', *World Development*, Vol.24 (1996), pp.1223-1242.
- Arvind Panagariya 'Developing Countries at Doha : A Political Economy Analysis', *The World Economy*, Vol. 25 (2002), pp. 1205-1233
- *Joe Francois and Will Martin 'Formula Approaches to Market Access Negotiations', *The World Economy*, Vol.26 (2003), pp.1-28.

THE GATT

- **Objectives and Structure of GATT**
- **Underlying Principles of Charter**
 - > non-discrimination
 - > reciprocity
 - > transparency
 - > exceptions

GATT ROUNDS

- Geneva Round (1947)
- Annecy Round (1949)
- Torquay Round (1950)
- Geneva Round (1956)
- Dillon Round (1961-62)
- Kennedy Round (1964-67)
- Tokyo Round (1973-79)
- Uruguay Round (1986-94)
- Doha Round (2002-?)

EVOLUTION OF MULTILATERAL TRADE NEGOTIATIONS

- **Rounds involve more and more CPs/Members**
> 23 in 1947 Geneva Round; 146 in Doha Round
- **Negotiations have encompassed more issues**
> tariffs only in early Rounds; multiple border and non-border issues in later Rounds
- **Negotiations have become more protracted**
> months in early Rounds; many years in later Rounds
- **Developing Countries have become more active**
> no involvement in early Rounds; agenda setting now
- **Growing Developing Country frustration**
> persistent exclusion of agriculture, textiles and clothing and other activities

GATT, WTO AND DEVELOPING COUNTRIES

- Diversity of views among developing countries
- Longstanding concerns regarding trade architecture
 - > asymmetries in rules (eg. international factor mobility; excluded sectors)
 - > asymmetries in application of rules (eg. intellectual property; anti-dumping)
- Limited benefits from ‘Special and Differential’ treatment
- Increasing engagement of developing countries

GATT, WTO AND DEVELOPING COUNTRIES

- ‘Special and Differential Treatment’
 - > *Right to Protect*
 - Article 18 (balance of payments and infant industry)
 - Part IV (non-reciprocity)
- permits developing countries to retain higher levels of protection than would otherwise be the case*

GATT, WTO AND DEVELOPING COUNTRIES

- **‘Special and Differential Treatment’**

- > *Right to Access*

- **Generalised System of Preferences (GSP)**

- offers exports from developing countries access to OECD markets on a preferential basis*

- > *Right to Slower Adjustment*

- **Uruguay Round transitional arrangements**

- provides longer period for adoption of new disciplines and measures*

URUGUAY ROUND NEGOTIATING AREAS

- **Trade Barriers**

- > Tariffs

- > Non-tariff measures

- **Sectors**

- > Natural resource based products

- > Tropical products

- > Textiles and clothing

- > Agriculture

URUGUAY ROUND NEGOTIATING AREAS

- **GATT system**
 - > Safeguards
 - > Subsidies and countervailing duties
 - > GATT Articles
 - > Multilateral trade negotiations
 - > Functioning of the GATT system
 - > Dispute settlement
- **New Issues**
 - > Trade related intellectual property rights
 - > Trade related investment measures
 - > Trade in services

URUGUAY ROUND OUTCOMES

- **Trade Barriers**
 - > average tariffs on manufactures reduced by almost 40%
 - > commitment to outlaw VER type instruments
- **Sectors**
 - > trade in natural resource based and tropical products liberalised
 - > ceilings on export subsidies in agriculture; decoupling of domestic subsidies
 - > phase out of Multi-Fibre Arrangement (MFA) in textiles and clothing

URUGUAY ROUND TARIFF CUTS

Country or group	Trade-weighted average tariff (percentages)		Average tariff cut (percentages)
	Pre-Uruguay Round	Post-Uruguay Round	
Developed countries	6.3	3.9	38
Canada	9.0	4.8	47
European Union	5.7	3.6	37
Japan	3.9	1.7	56
United States	4.6	3.0	34
Developing countries	15.3	12.3	20
Economies in transition	8.6	6.0	30

URUGUAY ROUND OUTCOMES

- **GATT System**
 - > no real progress with anti-dumping or safeguards
 - > *Trade Policy Review Mechanism* established
 - > Improved Dispute Settlement Mechanism
 - > WTO created
- **New Issues**
 - > General Agreement on Trade in Services, but limited coverage
 - > TRIPs agreement, but high costs on developing countries
 - > no agreement on investment

ESTIMATED (CGE) GAINS FROM URUGUAY ROUND

Model	Global Increases in GDP (billions of dollars)	Global Increases in trade (percentages)
Francois et al (1994)	122-512	15.4
	100-477	14.8
Yang (1994)	60-116	n.a.
GATT (1993)	230	12.4
OECD (1993)	274	n.a.
Goldin et al (1993)	213	n.a.
Nguyen et al (1993)	212	20.0

n.a. = not available (not calculated or not reported)

DOHA ROUND

- Launched in 2002
- Target completion date, January 2005
- Fifth Ministerial (Cancun), Sept. 2003
- Framework Agreement, August 2004 ('July Package')
- Completion at Hong Kong Ministerial, Dec. 2005?

DOHA ROUND ISSUES FOR DEVELOPING COUNTRIES

- **Market Access in the OECD**
 - > Tariff escalation
 - > Non-tariff barriers
 - > Sensitive sectors
- **Special and Differential Issues and the Least Developed**
 - > Erosion of preferences
 - > Rights to protect
 - > Transitional arrangements

DOHA ROUND ISSUES FOR DEVELOPING COUNTRIES

- **Uruguay Round ‘New Issues’**
 - > Services
 - > Intellectual property
- **‘Singapore Issues’**
 - > Trade and investment
 - > Competition policy
 - > Transparency in government procurement
 - > Trade facilitation

DOHA ROUND ISSUES FOR DEVELOPING COUNTRIES

- **Systemic Issues**
 - > WTO rules (subsidies, anti-dumping, regional trade agreements)
 - > Compliance costs
 - > WTO decision making
 - > Dispute settlement
 - > Technical assistance

‘THE JULY PACKAGE’

- Non-binding framework agreement incorporating:
 - > ‘parking’ of first three Singapore Issues
 - > negotiations on end date for export subsidies
 - > tariffs on industrial goods and tariff peaks, with non-reciprocity for G90
 - > deadline (May 2005) for services agreement, to include movement of natural persons
 - > review of trade facilitation measures
 - > retention of option to protect ‘sensitive products’

PROSPECTS FOR HONG KONG?

Although there is now a brighter overall picture, it is still not good enough. We are still well behind where we should be, and time is not on our side. We absolutely must make concrete progress across the board. There continues to be a high level of commitment to achieving results at the Ministerial Conference which will take us into the end-game of the Round so that it can conclude in 2006. But if we are going to be able to judge whether we are on course for this in July, we will have to make progress very rapidly indeed.

Dr. Supachai, Director General, WTO. May 26th 2005

BEYOND DOHA: CHINA AND THE WTO

- Timetable for implementation
- Alignment with unilateral liberalisation
- The future of preferences
- Threats from minilateralism
- Threats from global imbalances
- Systemic reform

BEYOND DOHA: CHINA AND THE WTO

- 5 year implementation, 2002-07
- Tariff bindings and liberalisation
- Subsidies to state owned enterprises
- Agricultural subsidies
- Services liberalisation
- Deliverability of package?
- Implications for next Round?

CONCLUSIONS

- GATT created a framework for free and fair trade
- Successive Rounds of trade liberalisation have resulted in significant reductions in tariffs
- Rounds have become more extensive in coverage and more complicated
- Changing focus of Rounds away from border measures
- Changing role of developing countries

CONCLUSIONS

- Doha Round has placed developing countries' issues at the core of its agenda
- Attempt to move from 'Special and Differential' treatment to full integration
- Major developments on core agenda issues will be necessary for WTO's credibility
- Need to think beyond Doha

FURTHER INFORMATION

Further references:

david.greenaway@nottingham.ac.uk

Resources on economic aspects of globalisation:

www.nottingham.ac.uk/economics/leverhulme