

**ESASCD 2006/2007**  
**Master in Cooperation and International Economic  
Integration**

***Trade Negotiations Module***  
*Multilateral Trade Negotiations*

**The Doha Round: what place for Development?**

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# Outline

- History of negotiations and Ministerials
- The Doha Round
- Interests of DCs
- Systemic issues and development

# Kennedy round (1964-67)

- Part IV (1965), formal departure from reciprocity for DC
  - ↳ Special and differential treatment (S&DT)
- Negotiations mainly among AC
  - Linear tariff cut 50%, but lot of national interest exceptions
  - Little progress on agriculture
  - Textiles not in the negotiating mandate
- (Anti-Dumping Agreement)

# (early) North-South clash

- Part IV
  - formalizing established practice
  - No real obligations for AC
- Textiles
  - multifibre agreement 1974
- Agriculture
  - Commodity agreements: e.g. coffee, cacao
- Preferences, UNCTAD and the GSP
  - ↳ violates non-discrimination (only for DC) and reciprocity
  - ↳ GATT waiver 1971
    - late implementation by US and Canada (1976)
    - limited benefits due to limitation by quota, exceptions in textiles and agriculture
    - preference erosion

# Tokyo – beyond tariffs

- negotiations among the big AC, esp. US and EU
- no real S&DT, less reduction in tariffs on products of interest to DC
  - ↳ Enabling Clause – legalising GSP waiver
- Tariffs – Swiss formula, harmonization AND bilateral
- Non-tariff barriers (NTB) – plurilaterals: rule-making
- Failures: agriculture and agreement on safeguard measures

# “Bad situation getting worse” – GATT in 1980s

- Dramatic economic situation beginning of the 1980s
- aggressive unilateralism by US
  - Unilateral trade sanctions for “unfair trade”
- Trade wars among triad (US, EU and Japan)
- Cases in Dispute Settlement Procedure
- Debt-crisis in DC (not longer able to serve their loans)

## Uruguay round(1986-1993): the round to end all rounds??

- Lot of topics on the agenda:  
Tariffs, Non-tariff barriers, Natural resource products, Textiles and clothing, Agriculture, GATT articles, Anti-dumping, Subsidies, Intellectual property, Investment measures, Dispute settlement, The GATT system, Services
- Broadening scope of regime: goods + services + intellectual property
- Agriculture: agreement, but no end to protectionism  
↳ quota replaced by tariffs ⇒ higher tariffs !!!
- Textiles: end to Multifibre Agreement by 2005, high tariffs
- Rule-making – constitutionalisation of international trade
  - TRIPS
  - TRIMS
  - Product standards, Sanitary and phyto-sanitary measures, ...
- Predictability and transparency
  - Unified Dispute settlement procedure
  - Trade policy review mechanism
  - Additional regime norm “Single Undertaking”

# Singapore Ministerial Conference 1996

- “*The Singapore issues*” new working groups established
  - on *trade and investment*
  - on the interaction of trade and *competition policy*
  - on transparency in *government procurement*
  - on *trade facilitation*
- Comprehensive and Integrated WTO Plan of Action for Least Developed Countries
  - increased market access for LDC exports
  - technical assistance
- services (financial services, movement of natural persons, maritime transport services and basic telecommunications) – difficult
  - ↳ cf. built-in agenda
- Environment and trade: divisive
- DC complained that they did not have to opportunity to participate in the preparation

## Where myths are born: SEATTLE (30 Nov–3 Dec 1999)

- Total debacle, no Decision
- Mobilisation by (Western) civil society groups (labour, environment, development, consumer)
- DC uneasiness
  - Broadening agenda (Singapore issues, labour, environment)
  - On-going negotiations among AC (green room)
  - Implementation concerns

↳ the battle of Seattle



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# Post-Cancun

- What is the impact of the failure of Cancun on:
  - on multilateralism?
  - on regionalism?

**→ multilateralism versus regionalism ?**

US: bilateralism with the 'can dos'

EU: rethink WTO? ('medieval'); impact on regionalism?



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# Save the WTO?

- Decision making: QUAD or consensus 'proponent-driven process' (those that make proposals, lead the dance)
  - ↳ QUAD = US + EU + Canada + Japan
- Implementation Uruguay agreements
  - ↳ "exert restraint" – tensions
- Agriculture
  - ↳ multifunctional (cultural, environmental and development) role (EU, Japan)
  - ↳ market access, food aid, environment, animal welfare, ...
  - ↳ clash between US - EU
- DC no to Singapore issues

# Save the WTO?

- labour – trade link
  - ↳ DC oppose
  - ↳ EU adamant on labour standards
- environment
  - ↳ DC oppose
  - ↳ environment: clash between EU and US
- Use of subsidies, anti-dumping , counter-veiling duties
- Services, mode 4: free movement of people/ Presence of natural persons to supply services
- Quad market access initiative for Least-Developed Countries March 2000, limits on textiles and agriculture, angry LDC
- Health and TRIPS
- Service negotiations started in 2000.
  - ↳ built-in agenda of Uruguay round

## Doha Development Round (DDA) (9-14 Nov. 2001)

- Doha Declaration
- Improving **market access** in agriculture (also on X-subsidies and domestic support), industrial goods or non-agricultural market access (NAMA),
- **Singapore issues, environment**: in the declaration – no real agreement
- “Declaration on the **TRIPS** agreement and **public health**”: the TRIPS Agreement does not and should not prevent member governments from acting to protect public health
- “**Implementation**-related issues and concerns”: Art. 18, B GATT 1994 S&DT; restraint by other members on measures taken for rural development and food aid by DC, ...
- Dead-lines for negotiations in the Doha texts



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## The road to Cancun

- no agreement on formula or modalities for tariff reduction
- Environment, MEA-observers illustrative
- Dissatisfaction of DC on issues of concern to them (implementation, TRIPS and public health, S&DT)
- Deadlock on agriculture
  - ↳ The cases: cotton (US) and sugar (EU)
- Fear Singapore issues would lead to new sets of multilateral rules
  - ↳ cf. implementation
- Failure to meet the dead-lines (official reason for Cancun failure)
- **CANCUN (10-14 Sept. 2003): Several problems, esp. Agric/Singapore issue and dead-lines. No decision**

# In search for the 2d D in the DDA

- Labour standards: trade union actions in US and EU (cf. alter-globalisation)
  - ↳ EU proposal on a “labour-standard” watchdog, but accepted Singapore consensus.
  - ↳ opposition by DC on trade and labour linkage (also in ILO)
- Environment
- Developing countries reluctant on all Singapore issues
- Little progress on the Plan of Action, complaints by LDC
- DC complaints: new protectionism, no progress on issues of their concern...continuous dilution of development mandate
- Labour, environmentalist, consumer movements complaints: no attention for non-trade issues.

# Save the DDA, difficulties remain

- TRIPS and Health
  - ↳ 30 Aug. 2003 “Implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and public health”
- **July 2004 package**
  - ↳ dropped 3 Singapore issues, trade facilitation still on agenda
  - ↳ Cotton as topic in agriculture negotiations
- Increase of technical assistance
- New dead-lines

## Hong-Kong, and still we can't get it right

- Elimination of subsidies for cotton in 2006  
↳ decision US congress ?
- NAMA, Swiss Formula (erosion?)
- Agriculture ...*modalities* (period, formulae, principles) on 3 pillars (MA, domestic support, export subsidies) unresolved...exp subsidies end 2013 (CAP)
- S&DT, LDC issues, development: further negotiations
- Services: new deadlines+plurilateral modality
- Negotiations on core problems have been postponed (“TradeMin’s biggest achievement was to keep talks alive”)...no big move since July Package
- Southern bloc, G20+G90(=LDCs, AU, ACP) strengthened: “no deal better than bad deal” (110c, 4/5 humanity)

## Interests of DCs: groupings

- two main categories of developing countries: offensive interests – that is, looking to get market access in the negotiations, and those that are more ‘defensive’ and wanting to protect their markets.
- More "offensive" countries include Brazil, Argentina, Chile, Uruguay, Thailand and more recently Pakistan, plus Latin American Cairns group members and in particular, the Mercosur.
- "defensive" countries are a mixed group, but include the majority of the developing world, India, China, Indonesia (leader of the G33) Philippines, the African countries, least developed countries (LDCs), Caribbean and the Central American countries.
- Indefinite suspension July 2006: no changes

## Interests of DCs: pillars

- Advantages for DC: locked-in tariff policy commitments (certainty, investment, pro-poor); offensive interests (OECD barriers)
- Kicking the ladder: subsidies (R&D, ecological prod only) and TRIMS prohibited (import/exp requirements + for ex regulation)
- Tariff escalation vs VA
- Agriculture , not new issues
  
- Art XXIV
  
- Not enough/binding SDT+Changing approach on development:
  - Graduation: differentiating among DC
  - Same rules for all, differences in periods for implementation
  - technical assistance
- WTO institutional reform (no representation!)
- NTB replacing quota/tariff where DC have a comparative advantage
- Distinct interests DC: issue of differentiation; large small/productive base

# Capacity constraints

- Capacity to prepare and negotiate:
  - Multiple trade agenda (WTO, RTAs, etc.)
  - Formulation of strategy and policy agenda
  - Institutional development
  - Lack of expertise
  - Competing demands (internally, externally)
  - Regional coherence, coordination
  - Legitimacy

# Systemic challenges (to WTO principles)

- Regional economic integration
- Old and new market access barriers
- Subsidized trade
- Paralysis of decision-making
- North agenda:
  - Investment (TRIMS, TRIPS...MAI...or GATS?)...half world trade is intra-firm (TNC!) is big match of the future (corporate agenda...GATS like MAI)
  - Competition & Gov Procurement (politics/industrial policy)
  - Env/lab stds (enforceability adv of WTO vs other int agreem.)
    - Imbalance between trade liberalization and other societal values/interests:
      - Environment
      - Development
      - Health
      - Consumers
      - Sovereignty

**For more information on ACP-EU  
trade relations, please refer to:**

**[www.acp-eu-trade.org](http://www.acp-eu-trade.org)  
[www.ecdpm.org](http://www.ecdpm.org)**



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