Group of Thirty, Washington, DC

A Study Group Report

Revising the Doha Round
Sharing the Gains from Trade
About the Study Group

All members of the Study Group served in their personal capacities. The views expressed in this report do not necessarily reflect the view or policies of their respective institutions, nor does publication of the report by the Group of Thirty imply an endorsement of the views expressed herein.

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A particular debt of gratitude is owed to Alan Winters who accepted the mandate to draft the original discussion document for the study and to prepare the paper that constitutes the bulk of this report. In his case, the disclaimer about participating in the study in a personal capacity must extend to the University of Sussex, where he served in the Department of Economics during the drafting of this paper, and to the World Bank, where he has recently taken up new duties as Director of the Development Research Group.

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Study Group on Globalization
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doubts about the value of multilateralism, and both have emphasized the need for developing countries to play a greater role in international trade negotiations.

The World Trading System

The World Trade Organization (WTO) has been a key player in promoting the growth of the global economy. It has facilitated the expansion of trade among member countries and has provided a forum for resolving trade disputes.

The benefits of multilateralism are clear. By promoting free trade, the WTO has helped to reduce barriers to trade and investment, leading to increased economic growth and development.

Executive Summary

The benefits of multilateralism are clear. By promoting free trade, the WTO has helped to reduce barriers to trade and investment, leading to increased economic growth and development.
protectionist policies in some of their dealings with each other. The doubts of the developing countries vary from country to country—as indeed do their circumstances and precise interests—but are focused on the following:

- Barriers that limit their exports to the developed world;
- The inappropriateness of certain WTO rules to their circumstances;
- The high costs of implementing certain WTO agreements;
- The tendency of developed countries to demand agreement on complex issues before developing country governments can fully evaluate their interests in them;
- Pressures to constrain the set of policies that developing countries can use.

Despite the overall liberalization of trade, many developing countries still face high barriers to their potential exports—particularly for agricultural products and textiles. The issue of agriculture—the unwillingness of the industrialized countries to liberalize agricultural trade—has become central to the Doha Round discussions and no comprehensive agreement can be reached unless this issue is resolved.

One result of these doubts about multilateralism is the rise of regionalism. Bilateral and regional trading agreements have grown dramatically in the last ten years and the problems of the Doha Round have led both the United States and European Union to consider further emphasizing bilateral approaches to trade policy. While opinions differ on the impact of regionalism on the postwar global order, it represents a latent danger to the nondiscriminatory multilateral trading system that the Doha Round is intended to promote.

Other doubts about the benefits of trade liberalization have manifested themselves in the call for labor and environmental standards in international trade agreements. If counties with weak worker rights or environmental regulations enjoy a competitive advantage, could agreements that open global markets actually weaken those rights and regulations? If so should basic worker and environmental standards be part of multilateral trade agreements, with trade remedies such as countervailing duties used to address deficiencies in these areas?

The answer to these questions in the context of the Doha Round is no. Labor standards questions are being addressed by the International Labor Organization (ILO) rather than the WTO, while the WTO’s Committee on Trade and Environment is focusing on sustainable development and eco-labelling rather than environmental standards linked to
economic benefits, particularly for those among developing countries.

Even more important economically and politically, however, are
the special linkages some of them receive from developed countries
in the South. Communication with friends in the North
provide a source of comparative advantage
in which developing countries have a
advantage.

Although developed countries have
advantages

are formed to reduce agricultural production.
will not progress without clear evidence that the developing countries have
new, better agricultural policies, and evidence of the dire effects of the
debt. Much of the agricultural

These are the main headings:
The Doha Agenda (DPR) agenda is long and complex.

The Doha Development Agenda (DPA), however, is
a much shorter agenda that focuses on
trade and the European Union, and thus
influence to reduce the

The Doha Agenda is derived by developing

agendas

of the trading system.

The Doha Round is deemed by developing

neither remedial. However, in the political context, the answers to these

questions may be quite different. Because these issues are so complex, they

may

need

remedies.
Singapore issues. These include trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation. These issues, except for trade facilitation, would be best left for later.

Special and differential treatment (SDT). This form of words acknowledges the need to exempt developing countries from some degree of trade liberalization. Yet there is no agreement about the economic benefits and costs of SDT, and views differ about its potential value to poor countries.

Technical assistance and capacity building. These have been offered in response to developing countries' shortage of skilled personnel to represent them in the financial and diplomatic community of the WTO. Perhaps a better approach would be for the WTO to aspire to negotiating structures and resulting agreements that make fewer demands on scarce human resources.

TRIPS and public health. Trade Related Aspects of Intellectual Property (TRIPS) has been an almost constant source of friction between developing and developed countries. Attempts made to confirm developing countries' access to essential medicines have ended in acrimony. While it is important to resolve that issue, few commentators expect much to emerge on TRIPS from the DDR.

Dispute settlement and institutional reform. These lie outside the current agenda but could easily become part of it de facto. Some questions have been on the table since 1994 and may be raised in the course of cross-issue bargaining.

Antidumping. The principal users of antidumping duties are now the developing, not the developed, countries. The use of antidumping duties as a protectionist device by either the developed or developing countries mostly hurts their own consumers and users of imports.

The DDR is most likely to succeed by concentrating on the first five items—agriculture, services, manufacturing, trade facilitation and SDT.

Conclusions

Substantial benefits will be sacrificed if the DDR fails. The World Bank, for example, estimates that a pro-poor package will yield global gains of $518 billion per annum, of which $349 billion will go to developing countries. Other consequences of failure could include greater protectionism and increased difficulty in taking future steps toward multilateralism. Failure would not simply mean lost opportunities but would set back world economic development.
the benefits of other policies.

Taking lead from other areas, such as economic and social development, sound economic policies, the integration of the WTO into national economic growth, and the establishment of the WTO, are critical for developing countries. The success of Doha and other regional and bilateral trade agreements will be crucial for achieving the objectives of the WTO. These agreements must be implemented effectively and efficiently to ensure that the benefits of trade are accessible to all countries, especially the least developed. This will require strong commitment and coordination among all stakeholders, including governments, civil society, and the private sector. The success of the Doha Round will depend on the ability of all parties to overcome the challenges and reach a mutually beneficial agreement.
Chapter 1. Introduction and Summary
Taking as given our concern for the world’s poor, this brief paper argues for the following:

- International trade has a key role in boosting incomes, including those of the very poor.
- The WTO can contribute strongly towards the growth of trade.
- The Doha Development Agenda should be revived through renewed commitment and flexibility on all sides, but that
- There is more to trade and the trading system than WTO alone.

The political and technical challenges in reviving the multilateral trading system and stimulating international trade are huge, but so too are the potential rewards.

1.1 Growth and Poverty
Since the second world war the global economy has exhibited unprecedented rates of economic growth. While the data are always subject to caveats, the acceleration in developed countries’ growth in income per head from around 1.4 percent per year over the period 1870–1913 to around 2.4 percent per year between 1950 and 1992 is unmistakable, and among developing countries there have also been some great success stories. To be sure, there have been disappointments (e.g., most of Latin America) and failures (Africa), but the majority of people live in countries that have seen per capita income growth of over 1.5 percent per year since 1980.

The same picture applies to poverty. Even on the more pessimistic views of commentators such as Bourguignon and Morrison (2002) or the World Bank, world poverty rates (the percentage of the population living on less than $1 a day at 1985 international prices) have fallen substantially from 55 percent in 1950 to 24 percent in 1992 (see figure 1.1) and by a further six percentage points or so since (World Bank 2003). ¹ It is true that the absolute numbers in poverty have not fallen so far (by only 10 percent since 1987) and that some countries

¹ There is a vigorous debate about how to measure poverty. One school of thought applies distributional data from surveys to aggregate income levels derived from national income sources and concludes that poverty has fallen rapidly—Bhalla (2002) and Sala-i-Martin (2002). More measured commentators such as Deaton (2003) or Milanovic (2003) use survey data alone to dispute their calculations, but still find great progress globally as the largest countries have cut their poverty rates.
to emerge into a single unified system. The world economy has been divided into blocs, and efforts to bind the trading system under the new rules of the game (as it was in the 1970s when the GATT was established) has resulted in a fragmented trading system. Moreover, competition from newly emerging economies, such as China and India, has led to increased pressure on developing countries. The most recent development in this regard is the launch of the Trans-Pacific Partnership (TPP), which includes countries such as the United States, Japan, and Australia.

The major challenge facing developing countries is how to negotiate better access to markets and to protect their industries. The most recent development in this regard is the launch of the Trans-Pacific Partnership (TPP), which includes countries such as the United States, Japan, and Australia.

Moreover, the developing world has largely escaped the process of industrialization. Developing countries have been left behind in the process of industrialization. However, the most recent development in this regard is the launch of the Trans-Pacific Partnership (TPP), which includes countries such as the United States, Japan, and Australia.

The most recent development in this regard is the launch of the Trans-Pacific Partnership (TPP), which includes countries such as the United States, Japan, and Australia. The most recent development in this regard is the launch of the Trans-Pacific Partnership (TPP), which includes countries such as the United States, Japan, and Australia.

Many of the problems that have arisen over the past few years have been

**Figure 1 - Global Poverty Rates: Percentage of People Living on Less than $1 per Day (in 1985 Purchasing Power Parity Prices)**

![Graph showing global poverty rates from 1990 to 2010](image-url)
The extent to which the increasing openness of world trade and the jump in growth rates are related is still debated, but most economists and policymakers believe that the systematic and reliable opening of markets has been fundamental to the growth story. Very few maintain that restricting international trade has ever stimulated growth in the postwar period, and no one denies that every single growth success has been accompanied by an opening up of the economy.

1.2 The Argument for International Trade
The remainder of this paper starts by setting out in greater detail the case that international trade is a fundamental driver of postwar growth. The argument is not entirely beyond dispute, because there are technical difficulties in identifying the direction of causation, but we show that the weight of the evidence strongly supports that conclusion. Section 2.2 shows that while it is not the whole of the story, the GATT/WTO has lain at the very heart of postwar successes, and that—perhaps more controversially to some—developing countries have gained by opening their own economies up to international trade and that further trade liberalization will be to their advantage. There are legitimate concerns about how trade liberalization affects the lives and livelihoods of the poor in developing countries, but we argue these are far better addressed directly than by curtailing integration into the world economy.

Despite the relative success of postwar trade liberalization, culminating in the most recent (and last) agreement in the GATT—the Uruguay Round—many trade barriers still remain and many developing countries feel a sense of grievance that the trading system does not meet their needs. Section 2.3 details these arguments. Finally, section 2.4 concludes by considering the trading system as the apex of the postwar multilateral approach to international relations. It argues that multilateralism and nondiscrimination are under threat today from the increasing tendency of countries to make bilateral and regional trading arrangements. Regional and bilateral trading arrangements can sometimes go further than WTO-based liberalization, but because they are partial in their coverage and divisive in their nature they are likely to pose a threat to the principle and practice of multilateralism.

The multilateral system is also in the doldrums today as a result of the failure of the fifth ministerial meeting of the WTO at Cancún to advance the current round of trade talks—the so-called Doha Develop-
The importance of these elements will vary across developing countries. Negotiations to allow developing countries to participate fully in the formal international trade regime will be critical. As countries open their markets to developing countries, the ratioccoffice: 100% will need to change the balance of payments and develop new policies to reach the round. The latter will require significant political and economic reforms. The Structural Adjustment packages, often associated with the Washington Consensus, have been criticized for their negative effects on growth and development. Developing countries need to redefine the multipolar system. We believe that the need for both political and economic reforms to reach the round and to achieve a just and fair distribution of the benefits of globalization is crucial. The outcome of the Doha Round will be determined by the ability of developing countries to negotiate their terms and conditions for participation.

Chapter 4, "The Benefits of the Doha Rounds," focuses on the implications of the Doha Round for developing countries.
facilitation; of these, the last might be the only exception, but even here the agenda still needs to be defined and explained.

- A sensible definition of the so-called special and differentiated treatment (defined in chapter 3) that should be offered to developing countries: this should focus on relieving small and poor countries of burdensome regulatory agreements but should reaffirm the need for trade liberalization for all countries.

The sections of chapter 3 detail the reasoning behind these proposals and consider the position of the DDA in a number of other important but arguably less critical areas: trade related capacity building (intended to address developing countries' concerns about negotiating and administering complex trade agreements); trade related intellectual property issues; dispute settlement, and the reform of WTO structures and procedures; and antidumping duties.

Finally, chapter 4 pulls the study together. It summarizes the steps necessary to revive the Doha Development Round, looks into the abyss that could emerge from a failed Round, and notes that outside and beyond the Doha Round there is much that should be done to foster freer multilateral trade.
Open economies implicitly have less inflation and evidence con-
proves to lower prices and competition.

Countries with simple, open, trade regimes appear to be less

This international trade also generally improves the manage-

increasing choice by allowing access to varieties and goods that

their cost down.

by countering local firms to behave competitively and keep

by buying goods that can be produced more cheaply abroad.

come more efficiently as follows:

Second, international trade permits consumers to spend a given in-

abroad.

by borrowing from other inputs and technologies available from

by realizing economies of scale.

would be available at home.

by specializing in goods for which world prices exceed those that

produce greater value as follows:

First, international trade allows a country's productive factors to

earn grow, it does this in these ways:

poverty primarily through its effects on economic efficiency and medium

International trade contributes to development and in the alleviation of

2.1 The Gains from International Trade

Chapters 2.1. The World Trading System and
• Open economies receive better signals about which goods are increasing in value and which are not. And since openness is associated with the use of markets in general, open economies allow the multitude of consumers and entrepreneurs to react to those signals directly rather than having them interpreted by government or a few bureaucrats.

To reap the benefits of trade, economies must be relatively open, both in their policies and in terms of having reasonable facilities—ports, customs, etc.—to undertake trade. Hence starting from a position of relatively high barriers to trade—as the developed countries did after the second world war and as most developing countries did after the pursuit of import substitution development policies over the period 1950–70—the issue becomes one of reducing trade barriers, in other words, trade liberalization.\(^2\)

There is now a good deal of evidence on the relationship between trade liberalization and economic performance. A series of cross-country studies made strong claims for openness recently in the 1990s. These were subject to deep methodological debate among economists, with, most notably, Rodriguez and Rodrik (2001) showing that their measures of openness were flawed and their statistical basis doubtful, especially on whether openness caused growth or growth caused openness. More recently, Frankel and Rose (2002) have answered the concerns over causation, while Wacziarg and Welch (2003) have shown that even as cross-country evidence breaks down, strong evidence of the benefits of openness emerges country by country. The positive link also shows up in case studies and in sectoral and time series studies focusing on the causes of growth, especially productivity improvement. Although the evidence is not absolutely incontrovertible, there is overall a strong presumption that trade liberalization boosts economic performance.\(^3\) Moreover, even the sceptics concede that there is no coherent postwar evidence that trade restrictions boost growth (Rodríguez and Rodrik 2001, p.317)

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\(^2\) That both liberal policies and reasonable facilities are necessary for really effective trading does not make the former dependent on the latter for their effectiveness. Unless trading facilities are entirely absent (which is rare), reducing the policy-induced frictions to international trade will typically stimulate trade.

\(^3\) See, for example, Jones (2001), Fischer (2003) and Winters (2004) for a positive overall assessment of the evidence, and ILO (2004) for a less positive, although by no means hostile, one.
FIGURE 2—France: 1870–1989

Source: Ben-David and Loewy (1998)
Historical evidence that trade liberalization offers growth advantages is more nuanced. Some countries industrialized behind tariff walls in the nineteenth century. However, one cannot argue from that evidence that a like policy is required in the twenty-first century (as Chang, 2002, implicitly does). First, nineteenth century growth rates (about 1.4 percent per annum) were far lower than governments seek today. See, for example, figure 2.1 based on Ben-David and Lowey (1998), who include many similar figures), which shows France's step up in growth since 1945 accompanying her huge increase in openness. Second, just as one would not wish to be bound by nineteenth century medical practice, engineering methods, or navigational skills, economic policy understanding has advanced substantially since then. Third, the world has changed, with huge increases in the extent of communication, the number of competitors, and the rate of technical advance. 4

Since we are specifically concerned about global poverty, we should note the two principal connections between trade liberalization and poverty alleviation. First, over the medium and long terms, increased efficiency and economic growth more or less guarantee poverty alleviation since ultimately just about everyone gains. This is widely accepted—see, for example, Kanbur (2002). Second, in the shorter run, the changes in prices and wages induced by trade liberalization impinge directly on people's livelihoods. The effect can be negative.

The standard gains from international trade arise largely from the way countries adjust their bundles of output in response to price changes, moving towards sectors in which the country is relatively efficient and away from those in which it is relatively inefficient. Hence, even though trade liberalization is beneficial overall and in the long run, in the short run there may be adjustment costs in contracting sectors and even in the long run there may be some losers if demand for certain factors of production is curtailed. Such disruptions cause great hardship for those affected, especially if they are poor, for the poor have so few resources with which to cope with negative shocks. Nonetheless, this is not a reason for stopping liberalization. Rather it is a reason for proceeding carefully and for pursuing policies that seek to ensure that the gains from trade are equitably shared.

Within a country, the correct response to the possibility that poverty may be induced by trade liberalization is to recognize that there can be

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4 We do not argue with the view that history teaches us about ourselves, but we do reject the notion that technical and social knowledge have not materially changed.
The World Trade Organization—the WTO—and its predecessor, the GATT.

2.2. The Role of the WTO.

The WTO is an international organization, established in 1995, with a mission to promote free trade and open markets by reducing trade barriers and settling trade disputes. It has 164 member countries and is headquartered in Geneva, Switzerland.

The WTO is governed by the Ministerial Conference, which meets every four years. The Councils and Committees are responsible for administering the WTO's agreements and overseeing their implementation.

The WTO's functions include:

- Negotiating and drafting new trade agreements
- Monitoring and enforcing existing trade agreements
- Resolving trade disputes
- Providing technical assistance to developing countries
- Conducting economic research and analysis

The WTO plays a crucial role in international trade by providing a framework for trade negotiations, resolving disputes, and ensuring that trade flows smoothly.

The WTO is committed to promoting sustainable development and ensuring that trade helps to achieve the UN's Sustainable Development Goals (SDGs). The WTO is also working to address issues such as climate change, digital trade, and intellectual property rights.

The WTO's achievements include the Doha Development Agenda, which aimed to address the needs of developing countries and ensure that trade benefits all members of society.

The WTO's impact on the global economy is significant, as it helps to reduce trade barriers, promote competition, and increase economic growth. The WTO has also played a role in improving the lives of people around the world by helping to reduce poverty and increase access to goods and services.

The WTO is a key player in the global economic landscape and continues to work towards a more open, fair, and inclusive international trading system.
as well as opinion elsewhere in the world, suggests that it has contributed significantly to world peace and development overall. Whether the failure of the current round of trade talks—the Doha Development Agenda—would automatically spell the end of multilateralism is doubtful, but with all the other pressures on multilateralism, the failure to agree on the relatively narrow and technical issue of international trade would certainly make collapse appear more likely.

Developing countries, which lack political and economic power, are undoubtedly the net gainers from the rules-based system compared to one based on power-relationships, and so they too should see the advantages of preserving the system.

**Deciding and Enforcing the Rules**

Membership of the WTO is voluntary and countries can withdraw at any time with no cost other than losing the rights and obligations of membership. No compulsion is exercised against members. If it is determined that a member has violated the rules of the club, the victim of the violation can withdraw privileges that it has granted to the transgressor up to the value of the violation. One can argue about the precise values involved, but the fundamental points are that retaliation is limited (in amount and to the injured party) and that it is designed to restore the balance of benefits to the status quo before the violation occurred. In this last sense it is not even punishment.

The WTO works by consensus. There are some voting rules in its charter (all of which involve supermajorities), but by rigid convention every agreement is accepted by consensus: every member has at least tacitly to agree to every rule. No change can be made to the WTO to oblige a member to do something that, on balance, it does not wish to do. If this is so, why do critics (including occasionally governments, who should know better) complain that the WTO is a nascent global government that pressurizes countries to apply its rules? Presumably this is because the discipline associated with trade agreements is effective. Violators are exposed to retaliation and international trade is so valuable that the thought of having an earlier trade-enhancing concession withdrawn is so painful that governments prefer to stick to the rules rather than suffer the loss of trade.

Of course, voluntarism and consensus cannot overcome the fact that some members are bigger and more influential than others. Because trade is more important to small countries and because getting your way
These rules aim to get countries to use tariffs rather than other means.

- Developed countries have agreed to consult with those of
- developed countries when the WTO was created.
- Doing so means that the WTO is not a barrier to trade.
- The WTO's trade liberalization has been successful.

**Promoting Food Policy Implementation**

The WTO promotes food policies, but not all countries comply. Some countries, especially in developing economies, do not implement trade liberalization. This is a challenge, especially in developing countries.

**Positing Trade Liberalization**

Trade liberalization is essential for global trade. Developing countries often struggle to implement it, especially in the context of trade liberalization agreements.
of restricting imports, to limit the extent to which tariffs, once reduced, can be raised, and to control the use of export subsidies. They worked, as we have seen, not because of fierce enforcement, but because they bolstered governments against pressure from interested parties within their own countries. An external body threatening countervailing costs if the government gives in can be a highly effective in defusing requests for protection—"I'd love to help, but my hands are tied..." Thus officially permitting developing countries to use the protectionist tools that the developed countries had prevented themselves from using, removed the GATT prophylactic from the governments that most needed it.

Exactly the same reasoning applies to the protectionist instruments that the WTO does permit its members to use, such as antidumping duties (ADDs) and safeguards protection. These are cases where governments are permitted to introduce protection under specified conditions. However, the conditions have proved no match for the international trade lawyers, with the result that the use of ADDs has spread far beyond GATT members’ original expectations. Moreover, while developed country ADDs represent a serious threat to some exports from developing countries, the principal users of antidumping duties are now the developing, not the developed, countries. The duties they impose mainly hurt their own consumers and users of imports.

**Negotiating trade liberalization.** It takes two sides to trade and therefore ultimately two sides to liberalize and create the benefits of trade. For most countries most of the time all they can control is their own trade policy and therefore the best they can do to increase their trade is to reduce their own barriers and take better advantage of the opportunities to trade that other countries offer. Trade is the process of swapping exports for imports; barriers to imports hinder this process just as effectively as barriers to exports and so an effective reduction of import barriers will boost trade in both directions.

This is not to say, however, that other countries’ trade barriers do not matter, and one of the great virtues of the postwar multilateral trading system has been to facilitate mutual reductions in trade barriers through the periodic rounds of trade negotiations. By reducing barriers simultaneously, members not only re-enforce each others’ gains from

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6 ILO (2004) takes a more activist line, arguing that developing countries need the right to intervene to support specific sectors, and that consequently WTO injunctions not to do so are harmful (and unfair). Martin Wolf (Financial Times, March 2, 2004) argues that this report is not analytically satisfactory.
For example, if a country is readjusting, the duration of the readjustment may be longer. The adjustment process is not always straightforward, and it can be affected by various factors. In some cases, the adjustment may be gradual, with a phase of initial adjustment followed by a more sustained period of growth. In other cases, the adjustment may be more immediate, with a sharper initial response followed by a slower normalization of economic activity.

Table 1: Tariff Cuts by GATT Round

<table>
<thead>
<tr>
<th>Average % cut of period tariff</th>
<th>First live rounds</th>
<th>Kennedy Round</th>
<th>Tokyo Round</th>
<th>Uruguay Round</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2</td>
<td>83</td>
<td>33</td>
<td>693-79</td>
<td>1986-93</td>
</tr>
<tr>
<td>11.3</td>
<td>91</td>
<td>71</td>
<td>1963-67</td>
<td>1994-97</td>
</tr>
<tr>
<td>13.4</td>
<td>96</td>
<td>79</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Subramanian and Yu (2003)

Table 1 shows the average percentage of tariff cuts over different GATT rounds. The percentages are based on the initial tariff rates and the final rates after the adjustment period. The table highlights the significant reductions in tariffs over time, which are attributed to the GATT rounds. The data suggests that the GATT rounds have been successful in reducing global tariffs and promoting trade liberalization.
vided few opportunities to win concessions on their exports. At first, of course, most developing countries were not even members and so did not negotiate at all. Those that were members found it difficult to achieve much because negotiations used a so-called request and offer procedure. Country A requested country B to cut its tariff on one good, in return for cutting its own on another. A developing country could offer only a small market in return for access to a developed country's larger one. In the minds of negotiators and politicians, who typically viewed exports as good and imports as bad, that was very unattractive. Moreover, under GATT conventions only principal suppliers—the main suppliers to a market—could request a tariff reduction. This penalized small countries, which would rarely be principal suppliers even for their main exports.

By the 1960s this problem had been identified and partly solved by the use of formula cuts whereby all tariffs except for those explicitly excluded were cut according to a formula. The solution was partial because the exceptions demanded—and got—by developed countries were exactly where developing countries would have benefited from liberalization (agriculture, textiles, footwear, etc.); see Winters (1990). Moreover, soon after this innovation the GATT agreed a further guideline stating explicitly that developing countries did not have to offer tariff reductions in trade negotiations anyway. Thus while no one pressed developing countries to liberalize their imports, no one liberalized the markets for their exports either. The few developing countries that did offer tariff reductions, received significant reductions in return, but the vast majority just allowed themselves to be marginalized by this "concession" (Finger 1979). That trade barriers are highest in textiles and agriculture is at least partly the result of this past marginalization.

2.3 The Uruguay Round and the Current Trading Environment

By the 1980s, attitudes to liberalization were beginning to change and developing countries became much more active over the course of the Uruguay Round, which ran from 1986 to 1994. As more and more of them joined, they became more significant in the GATT membership, and as their international trade increased, they became more important trading partners. The Uruguay Round, however, should be accounted as only a partial success for developing countries. To be sure they benefited strongly from some important liberalizations—both their own and
those of the industrial countries—but many trade barriers remained at the end of the Round. Developing countries’ own tariffs averaged 11.5 percent on manufactures and 20 percent on agriculture at the end of the adjustment period, while those of developed countries were 1.5 percent and 15.6 percent respectively. And in both blocs, the barriers were higher on developing countries’ exports than on other goods (Hertel and Martin 2000).

The Uruguay Round also involved big changes in trading institutions and rules, and in retrospect these have been less than perfect for developing countries, particularly for the very poorest of them. Filled with the 1980s’ enthusiasm for markets, the Round sought to define complex structures and procedures to ensure that markets worked. These structures covered areas such as technical standards, customs valuation rules, rules for managing foreign companies, and most notoriously, intellectual property—the so-called Trade Related Aspects of Intellectual Property—(TRIPS) Agreement.8

In a few cases these new rules are harmful to poor countries. For example, very small and poor countries will soon have to start paying to use patents, when they have no hope of benefiting from patent protection in the foreseeable future because they do not generate innovations themselves. In other cases the agencies required to administer WTO agreements require costly investments. In yet others they require on-going inputs, especially of skilled labor—the scarcest resource of all in developing countries. In these cases the question is whether these institutions provide an adequate return on the investment, and the answer is “not always.” Whether resources are best devoted to trade management or to, say, girls’ education or local infrastructure, is a question of development economics, not trade negotiation.

What went wrong? First, developing countries, new to the game and perennially short of skills just did not have the capacity to analyze the issues under negotiation, nor to develop negotiating strategies to put into effect any objectives they did have.

Second, as noted in the introduction, the GATT/WTO is not a development organization. The national negotiators (even from developing countries) are paid to achieve trading goals, and unless they are closely integrated with other parts of government they are unlikely to pick

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up development issues very effectively. They did not comprehend the breadth of the issues that they were facing beyond the traditional confines of negotiating tariffs, and, particularly in the "new" issues, were frequently dominated by interest groups. Amongst economists "liberalizers" were, in retrospect, mostly far too ready to assume that market institutions from the developed world could work in the developing countries, while the development economists, who did question this assumption, generally spoiled the effect by rejecting all trade liberalization by developing countries.

The third problem in the Uruguay Round was that, as a result of its unique circumstances, the Round effectively circumvented the veto that each member has under consensus. The Uruguay Round replaced the

<table>
<thead>
<tr>
<th>Country</th>
<th>Agriculture</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quad countries</td>
<td>10.7</td>
<td>4.0</td>
</tr>
<tr>
<td>Canada (2001)</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td>European Union (1999)</td>
<td>19.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Japan (2001)</td>
<td>10.3</td>
<td>3.7</td>
</tr>
<tr>
<td>United States (2001)</td>
<td>9.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Large middle-income countries</td>
<td>26.6</td>
<td>13.1</td>
</tr>
<tr>
<td>Other middle-income countries</td>
<td>35.4</td>
<td>12.7</td>
</tr>
<tr>
<td>Lower-income countries</td>
<td>16.6</td>
<td>13.2</td>
</tr>
</tbody>
</table>


Source: World Bank (2004a)
actions have been agreed each year. The table shows the minimum
and maximum
actions that have been agreed each year. The table shows that the
minimum
actions are in the range of 1997 to 2001, while the maximum
actions are in the range of 1997 to 2001.

Finally, Figure 2.2 and Table 2.3 summarize the application of rules

Table 2.2 reports some of the main results in the world trade
paradox—more pressure than the concession rates of the GATT or
the WTO. The GATT negotiations focused on tariff reductions, while
the WTO negotiations focused on securing non-tariff barriers. This
led to some controversy about the extent to which the
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the WTO negotiations focused on securing non-tariff barriers. This
led to some controversy about the extent to which the
WTO
duty rates are far higher than are regular tariffs. And, although they are applied to relatively small volumes of actual trade, the willingness of governments to use them and the ability to direct them at precisely the

![FIGURE 3 – World Antidumping Actions, 1981–2001](image)

*Source: Based on Zamardi (2004)*

<table>
<thead>
<tr>
<th>TABLE 3 – Antidumping Rates are Much Higher than Tariff Rates (Averages of highest and lowest rates applied in antidumping cases in percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AVERAGE ANTIDUMPING MARGINS</strong></td>
</tr>
<tr>
<td>Provisional measures</td>
</tr>
<tr>
<td>Low</td>
</tr>
<tr>
<td>Industrial economies</td>
</tr>
<tr>
<td>Developing economies</td>
</tr>
<tr>
<td>All economies</td>
</tr>
</tbody>
</table>

*Note: Post-Uruguay Round applied tariff rates; antidumping measures in place as of December 31, 2002; ad valorem rates.*

*Source: World Bank (2004a)*
moderated their rhetoric, but the danger signals are clear.

The collapse of the Berlin Wall and the European Union have brought with them a sense of the end of the Cold War and the emergence of a new era of liberalization. The trend toward regionalization has been evident in the Western Hemisphere with the formation of the Andean Community, the Caribbean Community, and the African Union.

Figure 2.3 and consider the US efforts in Latin America. The Andean Community is a prototypical example of the growing significance of regional and sub-regional organizations. One of the larger regional issues confronting the global economy and the post-war international order is the growing significance of regional and sub-regional organizations.

2.4 The Challenge of Regionalism

and unless politically parties or trade balances. Governments have to maintain the system they need to make meaningful progress to liberalize trade. Developing countries are facing a number of political and economic challenges from both developed and developing countries, as well as from other regional and sub-regional organizations.

Regionalism is a significant opportunity for developing countries. It can help them to better address their needs and interests in the global economy.

For instance, the Andean Community is a significant example of the growing significance of regional and sub-regional organizations. It provides an opportunity for developing countries to work together and address their common interests.

Some of the key challenges that developing countries face in regional and sub-regional organizations include:

- Insufficient funding and support from developed countries
- Lack of representation and influence in regional and sub-regional organizations
- High costs of implementing certain WTO agreements
- Inadequate participation in the formulation of regional and sub-regional agreements
- Limited capacity to implement and enforce agreements

Despite these challenges, developing countries are making progress in regional and sub-regional organizations. There is a growing recognition of the importance of regional and sub-regional organizations in promoting development and addressing common challenges.
There is now fairly widespread agreement that in terms of direct effects, regional trading arrangements (RTAs) impose at least some costs on the countries they exclude. Trade diversion—whereby RTA members import from their preferred partners goods that in the absence of preferences they took from third countries—is mainly a cost to the members who pay more for their imports, but in two sets of circumstances, it can be costly to the excluded countries which lose the exports (Chang and Winters 2001).

First, if exports generate supernormal profits, losing them is costly because the income lost exceeds the value of the resources freed up by not having to produce them any more. One example would be if the exporter could charge monopoly prices, and another is if exports are taxed, because the tax-inclusive price received for them exceeds the cost of the resources used up in production. Export taxes are rare, but trade theory teaches us that import taxes are equivalent to export taxes—it is the act of trading (turning exports into imports) that is taxed and it does not matter which side of the transaction formally faces the tax. Thus, any country with tariffs will lose welfare if its exports fall because of others’ RTAs.
Joining the European Union is a major diplomatic challenge. But even example, NAFTA has faced opposition from many countries, and some countries' increased tariffs for exporting members at least may one in for increase the incentives for exporting members to join such a group. Joining NAFTA, for example, may increase the incentives for domestic firms, as well as for investors. However, joining NAFTA may have other implications as well. For example, increased tariffs on exports may increase the costs of doing business in NAFTA countries. This may make it more expensive for firms to operate in NAFTA countries.

In some circumstances, the negative effects of joining an agreement can be counterbalanced by other benefits. For example, NAFTA may provide increased access to new markets in the United States and Canada. However, these benefits may be offset by the increased costs of doing business in NAFTA countries.

Another way to think about the negative effects of joining an agreement is to consider the costs of doing business in NAFTA countries. For example, increased tariffs on exports may increase the costs of doing business in NAFTA countries. This may make it more expensive for firms to operate in NAFTA countries.

Despite these challenges, NAFTA has been successful in achieving its goals. The benefits of NAFTA have outweighed the costs, and the agreement has been widely supported by businesses and consumers in all three countries. However, NAFTA is not without its critics, and there are ongoing debates about its effectiveness and future.

Even more important is the issue of whether RTAs are serving as effective tools for increasing economic growth and development, and the question of whether they are helping to address the challenges of globalization. The answers to these questions will depend on the specific circumstances of each RTA. However, the benefits of RTAs can be significant, and they can help to promote economic growth and development in a variety of ways.
if countries feel it best to join RTAs when their partners do, that does not show that the outcome is better than if there were no RTAs at all. Moreover, regionalism can erode the incentives to lobby for multilateral trade liberalization, and most analyses suggest that bloc formation tends to increase the tariffs that noncooperating governments charge on each other's goods.

It is sometimes argued that one way around the problem of blocked entry would be to insist on open access to all RTAs—that is, any country that could adhere to the rules of an RTA could join it and reap its benefits. Even in theory, this is doubtful, and in practice, given that accession has to be negotiated because the rules of nearly all RTAs entail more than just tariff reductions, there is generally no operational way to insist on such access.

RTAs may make trade negotiations easier, and hence help the world evolve toward freer trade. Coordinated coalitions may have greater negotiating power than their members individually, and such coalitions may facilitate progress just by reducing the number of players represented in a negotiation—as argued, for example, by Krugman (1993) or Kahler (1995). On the other hand, the gains from having fewer players in the last stage of a negotiation can be offset by the complexity and inflexibility caused by having to agree joint positions in the first phase, as European experience shows. Moreover, there is no guarantee that two-stage negotiations will be more liberal than one-stage ones.

Opinions differ on regionalism as a phenomenon as well as on specific RTAs. It is plain that regionalism has not wholly undermined the postwar multilateral system, but equally it is hard to argue that it has had no effect. At the minimum it represents a latent danger to the nondiscriminatory multilateral trading system to which the WTO aspires.
3.1 The Origins of the Doha Development Agenda
the Organization, and developing countries started to complain about the burdens of implementing the Uruguay Round.

The third ministerial, at Seattle at the end of 1999, attracted huge protests and, more importantly, revealed serious cleavages in the community of nations and changing attitudes among major players. The European Union was advocating a new round strongly. It earnestly believed in negotiation and compromise and in the multilateral system per se. It saw the WTO as one of the latter’s most important manifestations and wished to see it bringing harmony to an increasingly fractious world. It professed great faith in the virtues of trade liberalization, but sought to use the WTO to manage it in the same way as the European Commission had managed European liberalization/integration.\(^\text{12}\) It also realized that the built-in agenda would put great pressure on its agricultural policies and saw a round as a way of collecting some returns (and political cover) for the inevitable liberalization.

The United States, for its part, showed signs of tiring of multilateralism and felt considerable frustration with the unwillingness of its partners to open their markets. The constraints that the WTO imposed upon its freedom of action—more potential than actual—were becoming a domestic issue, as was the desire of the Europeans to regulate various trade issues. As US comparative advantage continued to evolve away from manufactures, the traditional protectionist constituencies were becoming more restive and looking increasingly at new instruments of protection such as standards. Simultaneously many nongovernmental organizations (NGOs) became actively hostile towards openness and the ardor of the traditional advocates of openness—large US and multilateral firms—appeared to cool.

By 1999, the developing countries were seriously aggrieved about implementation and alarmed that, \textit{inter alia}, the United States and the European Union would push them into negotiating labor and environmental standards. They felt that they had got a very poor deal in the Uruguay Round and were falling rapidly out of love with trade liberalization as an economic policy—if they were ever in love with it. They also objected to WTO structures and procedures that were highly bureaucratic and rather secretive. Having been urged by developed country members to embrace

\(^{12}\) While European integration entailed great increases in market access between members, it has been accompanied by a panoply of regulations in areas such as competition, standards, and labor markets that constrain the free rein of commercial markets. That is, the European Commission believes that markets are fine as long as they face close supranational regulation.
freer trade and the trading system, they felt excluded from any meaningful engagement in its practice. They opposed new talks until their concerns over “implementation” had been addressed and until ways were found of boosting their capacity to negotiate more effectively.

For either tactical or principled reasons the European Union engaged deeply and apparently sympathetically with many of these objectives, presenting itself as the champion of reasonable developing country demands. This, in turn, further widened its divide from the United States, which perceived itself as the likely victim of an EU-developing country coalition. This further undermined one of the main driving forces of previous rounds: namely, US-EC agreements on the broad parameters of the round, which were then more or less imposed on everyone else. Coupling these new positions with an inexperienced WTO secretariat and a much greater political sensitivity to distributional issues, it was hardly surprising that the Seattle meeting broke down and finished without initiating a new round.

The turn of the millennium was an anxious time for trade negotiators. The failure at Seattle was followed by expressions of determination to continue the liberalization agenda, and negotiations on agriculture started in a formal, if somewhat desultory, way. But in fact positions hardened. The frictions between the European Union and the United States—for example, over genetically modified organisms (GMOs), hormones in beef, and exports subsidies provided by US Foreign Sales Corporations—deepened and those over the Singapore issues widened with the United States publicly expressing indifference while Brussels promoted them collectively into *a sine qua non* of a new round. The United States increased its interest in regional arrangements, adopted very hard lines on antidumping duties and on TRIPs and increased its farm subsidies. The developing countries re-emphasized their demands on implementation and, encouraged by various NGOs, used them to revive the notion of special and differential treatment (SDT) more generally. Thus, gradually, not only did developing countries seek relief from certain Uruguay Round obligations but they returned to the ideas of nonreciprocity in trade rounds and deeper trade preferences.

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13 There is, of course, some justification for this self-perception. Through its network of agreements with African, Caribbean and Pacific countries, the European Union is more actively engaged and more generous with concessions to developing countries than is the United States, which has focused more narrowly on regional neighbors in Latin America and the Caribbean.
The European Union continued to court the developing countries on a wide variety of issues and coined (and actively promoted) the phrase "development round".

By the summer of 2001 the prospects for the fourth (Doha) ministerial were unpromising. Then came September 11: the imperative for a successful outcome rose abruptly, and agreement was duly reached to launch a round. The agenda for the round—to be known as the Doha Development Agenda (DDA)—was ambitious in coverage and timing (completion by the end of 2004) but ambiguous in several important dimensions. There was no commitment to eliminate agricultural subsidies, disagreement about whether the Singapore issues were on the agenda or not, conciliatory noises from the USA about antidumping that had no basis in domestic politics, and no agreement about special and differential treatment nor about how tariffs were to be negotiated. Several deadlines were set for settling issues of interest to the developing countries—for example, an agreement concerning TRIPs and essential medicines, agreeing the parameters of special and differential treatment, and agreeing the modalities for agricultural negotiations. A major milestone was to be the next ministerial meeting at Cancun in late 2003, at which it was intended there would be a so-called early harvest of concessions for developing countries, reaffirmation of the agenda and timetable, and significant progress in the tabling of requests and offers in various negotiations.

It is a matter of record that the deadlines were missed, and the disagreements papered over in Doha resurfaced. After a tortuous internal reform process, the Europeans offered mild reforms on agriculture, and in the run up to the Cancun Ministerial, to everyone’s surprise, the United States rescinded its call for completely free agricultural trade in favor of a vaguely worded joint proposal with the European Union that would leave both parties with significant protection and support in the sector. This stimulated twenty major developing countries to create the Group of 20 plus (G20+) to press for greater reform. This coalition—whose aims we discuss below—is the first wholly developing country pressure group to emerge in the GATT/WTO. Its durability is not yet

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15 The original membership was Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, El Salvador, Guatemala, India, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Venezuela. Since then, there have been additions and losses among smaller members, but the core of large developing countries remains in tact—so far.
The European Union is not the most powerful bloc in agriculture—see table 4.

The division over agriculture—especially how its national interests prevail—is the fundamental problem in the internal dynamics of the WTO. Here at last is a voice powerful enough to challenge the rules, which lock in place the national interests and hi-tech bias behind the failure in recent trade negotiations within the organization. Without agreement on agricultural reform, we could well see the clock in the WTO negotiations ticking towards zero. Can we use this voice constructively rather than merely to block, but finally to advance the agenda? The members of the G20 need to show how they can unite to promote the shared interests of the whole—beginning with the Farm Group, as the third and final round of negotiations on agricultural reform begins.
start and now, after Cancún, it quite clearly needs revision. The year
2004 will be absorbed with the American election, and in 2005, there
will be a new European Commission and, possibly a new director general
of the WTO. Allowing for the new teams to acclimatize to the DDA and
remembering that US negotiating authority will expire in mid 2007,
many commentators identify 2007 as a realistic deadline. But even to
achieve that goal the agenda will have to be curtailed; we make some
suggestions along these lines below.

3.2 Agricultural Liberalization
Agriculture is the key sector for most poverty alleviation. Three-quarters
of the poor live and work in rural areas (IFAD 2001); agriculture is their
major source of income; farm incomes have large spill-overs to others
in the rural economy and food accounts for a major share of all poor
people’s expenditure. The markets in this sector are among the most
distorted in the world. Both developed and developing countries exhibit
high levels of intervention, and reforms by both have the potential for
considerable poverty alleviation. In some cases, however, particular
groups of poor people may suffer from liberalization, depending on their
net positions as producers or consumers in the goods to be liberalized,
their demand patterns and the functioning of rural labor markets. These
problems should not be met with continued protectionism, but with
complementary policies providing facilities to help the increased agri-
cultural incomes filter through to the poor; such facilities might include
extension services and communications infrastructure, and, where they
are not feasible, assistance in maintaining incomes.

It is sometimes argued that agriculture is too sensitive to liberalize
in the developed countries, but this refers to political sensitivity not
to economic difficulties. On average, farm households have higher
incomes than other households in nearly all developed countries. In
many cases only a small proportion of this income comes from farming,
usually because the farmer or his/her spouse earn wages elsewhere. In

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18 One also needs to recognize the significance of other countries’ elections; e.g., South
Africa (2004), Egypt (2005), Mexico (2006), France (2007). These will certainly make
life complicated, and could lead to delays, but it seems unlikely that they could destroy
the DDA. There have been elections every year, and yet we have made progress in trade
talks in the past.

19 All the figures in the paragraph come from OECD (2002b).
than of the high-income countries, it is considered that these countries are
better off than those of many low- and middle-income countries. As a result, the
richer countries have a larger share of the world's GDP. This is because
World! Bank (2009) estimates that the global economy could be

International and institutional barriers

are particularly prevalent in developing countries, and so are less

affected by these trends. Important exceptions include a number of

developed by developed countries include cross-subsidies, export

protection and other measures. A similar trend is observed in the

price of agricultural products. Agriculture receives support in the form of

subsidies, and this can be much more active in developing countries. In

Japan, China, and other low-income countries, this support is even more

intense. In these countries, the proportion of the GDP that is allocated to

agriculture is significantly higher than in developed countries.
<table>
<thead>
<tr>
<th>Country</th>
<th>Average tariff</th>
<th>Maximum tariff</th>
<th>Standard deviation</th>
<th>Percentage of lines covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>3.8</td>
<td>238.0</td>
<td>12.9</td>
<td>76.0</td>
</tr>
<tr>
<td>European Union</td>
<td>19.0</td>
<td>506.3</td>
<td>27.3</td>
<td>85.9</td>
</tr>
<tr>
<td>Japan</td>
<td>10.3</td>
<td>50.0</td>
<td>10.0</td>
<td>85.5</td>
</tr>
<tr>
<td>United States</td>
<td>9.5</td>
<td>350.0</td>
<td>26.2</td>
<td>99.3</td>
</tr>
<tr>
<td>Korea, Rep. of</td>
<td>42.2</td>
<td>917.0</td>
<td>119.2</td>
<td>98.0</td>
</tr>
<tr>
<td>Brazil</td>
<td>12.4</td>
<td>55.0</td>
<td>5.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>13.2</td>
<td>154.0</td>
<td>17.4</td>
<td>100.0</td>
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<td>Indonesia</td>
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<td>170.0</td>
<td>24.1</td>
<td>100.0</td>
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<tr>
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<td>25.0</td>
<td>9.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Morocco</td>
<td>63.9</td>
<td>376.5</td>
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<td>Togo</td>
<td>14.7</td>
<td>20.0</td>
<td>6.5</td>
<td>99.9</td>
</tr>
<tr>
<td>Uganda</td>
<td>12.9</td>
<td>15.0</td>
<td>3.7</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: World Bank (2004a)

the largest beneficiaries of their own liberalizations—to the tune of $73 billion per annum. Agricultural protectionism imposes a large burden on the rest of their economies and on consumers. Liberalization would release resources for more productive uses elsewhere.

Hockman, Olerreaga, and Ng (forthcoming) use commodity-level data on the 267 commodities that receive subsidies in OECD countries to show that most developing countries suffer far more from OECD tariffs than from subsidies. Indeed reducing subsidies hardly matters, or may actually be harmful as world prices rise.

At a household level, the evidence suggests that agricultural trade liberalization will generally help poor families in developing countries
In August 2000, to eliminate all trade barriers and export subsidies. In addition to these measures, other steps can still be taken:

- Promote regional trade and integration, especially in the case of developing countries. This can help reduce the relative costs of producing and exporting agricultural products.
- Strengthen agriculture research and development, especially in developing countries. This can help increase productivity and improve the quality of agricultural products.
- Strengthen food safety and quality, especially in developed countries. This can help improve the health and safety of consumers.
- Strengthen food security and nutrition, especially in developing countries. This can help reduce the number of hungry people and improve the health and well-being of people in these countries.
however, as we have noted, the United States compromised with the European Union to suggest a DDA agricultural agreement so vague as to be almost worthless. Others—notably the G20—argued for bolder reform in developed countries and very little in developing countries. The Chairman of the General Council of the WTO prepared a compromise that the G20+ rejected as too close to the EU/US position; following further negotiation, the Chair of the Ministerial Conference, Mexican foreign minister Luis Derbez, proposed another compromise. This too was rejected with the G20+ tabling further amendments. At this point the process stopped. The outstanding difficulties included the overall degree of liberalization for developed and developing countries, the ability to maintain some products with very high tariffs, whether all subsidies would be abolished, and the form of a safeguards clause.

A surprise issue that leapt onto the agenda very late was cotton, when four West African countries demanded an end to developed countries’ subsidies (mainly in the United States) and, in the meantime, compensatory payments. This was quite unacceptable to the United States, but the brusqueness of its reply that these countries should get out of cotton production, which was (unwisely) included in the draft communiqué by the chairman, made cotton something of a cause célèbre. It will doubtless absorb a great deal of attention in the future, a cost which the United States (and the European Union) would, in an ideal world, avoid by making early concessions on the issue.

Although the agricultural talks did not officially break down, agriculture lies at the heart of the DDA’s difficulties. The unwillingness of developed country governments to address what are, by world standards, very small political and structural adjustment frictions imposes real costs on poor countries and their poorer citizens. Moreover, it is at odds with the rhetoric of markets and with the demands for liberalization made of developing countries. Not only is it substantively important, but it also sends entirely the wrong message to WTO members. If the DDA is to be revived, the first requirement is a public commitment to go much further in agriculture. The key countries are those of the European

22 Developing country negotiators apparently wished this bid well, even though late additions to the agenda are a major problem for them in terms of negotiating capacity, and there is no good reason to single cotton out from other subsidized commodities. Moreover, no one should reasonably have expected such an ambush to succeed given how vigorously the United States defends its political interests, so it was not ultimately a very helpful contribution to achieving progress at all.
In essence, the data science regulations have necessary proceeded by
This the data science regulations have necessary proceeded by

present detailed table shows this beyond a number of processes

willfulness to see (or the related equivalent, 'reformulation', initially to
Lower, minimal of the process, focus on individual compliance and
the GATT the ECs of the Europe single market Program, Program, but with
the constraint—For example the creation of the United States of America,
all the data equivalents of each were made on principle, not over
all the data equivalents of each were made on principle, not over

impossible to derive formula to derive broadly equivalent
data, and in particular makes
specific offers and reduces to other companies and in particular makes

services account for a huge share of all economies and are very vital
3.3 Services

is agricultural reforms a model for others to follow?
the European Union refuses that has done all it can and commands
the outcome of certain EC directives for agriculture 2004?
Unfortunately the answers are not good, in his making of reaction
means required?

specific progress on cotton and sugar are probably the sort of comment

and sugar are probably the sort of comment

in turn, please be complete action of export subsidies, plus
can be reduced. This paper cannot propose details, but 60 percent
been held in a successful round are no longer��blems. As the trade
are made executed commitments. Provisions that have already have
make executed commitments. Provisions that have already have

import and the United States, both given the need for solidarity and for a
the table. Developing countries have expressed a variety of fears (well-founded or otherwise) about liberalization: for example, the adequacy of their domestic regulatory structures, a fear of being stampeded into privatization, and the supposed need for “infant service industry” protection for locals. However, these have not prevented a number of them from making offers or requests. In fact, developing countries have much to gain from appropriate and careful service liberalization in the DDA. After all, many of their barriers, explicit and implicit, are very high—see for example, UNCTAD-World Bank (1997)—and in some cases the quality of their services is truly appalling. Thus, this is an area in which developing countries can beneficially offer to open their own markets.

Within services, developing countries also have a number of obvious export interests. The clearest fall under mode 1 (cross-border trade) and mode 4 (the temporary movement of natural persons) as defined by the General Agreement on Trade in Services (GATS). On the former, the trend towards locating call-centres and back-room operations in developing countries—so-called outsourcing—clearly offers potential for developing countries’ exporters, as well as large gains to developed countries in terms of efficiency. It is, however, now arousing strong opposition from labor and some parts of civil society in developed countries. Developing countries need to try to get developed countries to renew their previous informal and unbound commitments that there will be no new barriers here.

While it has not figured prominently in either the Uruguay Round or the DDA to date, mode 4 of the GATS—the temporary movement of natural persons to provide services—has huge potential. However, the majority of the few concessions that have been made refer to skilled and professional, rather than to less skilled, labor. This emphasis may suit developed and even some larger developing countries, but not the small and poor members of WTO, who form the majority. In this case size is probably a more important source of difference between developing countries than is income level.

The political problem in facilitating mobility under mode 4 is confusing it with permanent migration (see Winters et al 2002). Temporary workers face the same bureaucratic hurdles as longer-term migrants and incur

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24 The GATS recognizes four modes of delivering services: modes 1 and 4, plus mode 2 (movement of consumers) and mode 3 (establishment of service outlets).

In the context of the broader development agenda, the WTO could play a major role in promoting trade and investment. A range of initiatives are under way to promote the integration of developing countries into the global economy. These initiatives include the establishment of the Global Fund for Agricultural Research, the World Bank's Millennium Development Goals, and the United Nations Conference on Trade and Development.

In this context, it is important to consider the impact of these initiatives on developing countries. The impact of these initiatives on developing countries is likely to be significant, particularly in terms of their ability to access new markets, attract foreign investment, and improve their overall economic performance.

It is also important to consider the potential implications of these initiatives for developed countries. For example, the establishment of the Global Fund for Agricultural Research may have significant implications for the global food supply chain, as it may lead to increased competition for agricultural resources.

In conclusion, the role of the WTO in promoting trade and investment is likely to be significant in the context of the broader development agenda. It is important to ensure that these initiatives are implemented in a way that is equitable and sustainable, and that the benefits of these initiatives are shared by all countries, regardless of their level of development.
Labor mobility is not a crunch issue in the DDA and so there may not be the need for major changes in participants' current positions. However, the benefits of further liberalization seem so large that a willingness to engage on the issue can be viewed as a touchstone of developed countries' genuine concern for the development aspects of the DDA. Moreover, the issue will assume much greater importance in the future.

3.4 Manufactures
Average tariffs on manufactures are low in the developed countries—see table 5. On imports from developing countries, they are 3.1 percent, and on those from developed countries, they are 0.8 percent. But there are still peaks and escalation in their schedules. The objections to these latter are well known. The peaks occur in precisely those labor-intensive industries in which developing countries have a strong comparative advantage. Their exports (and, perhaps, their prices) are cut back and their production is diverted from the goods concerned, with consequential welfare losses. Developed countries' tariff escalation discourages developing countries from processing activity for exports, not only for manufactures but also for agricultural products. If developing countries can enter higher value-added processing industries, the impact on poverty is likely to be beneficial via the creation of better paying jobs, as for example, in Mauritius and Bangladesh; these are countries where the expansion of female employment and the rise in female wages in the garments sector have been major factors in poverty reduction, especially given the declines in traditional male dominated sectors.

More important than developed country markets, however, are developing countries' own markets. Tariffs on developing countries' imports from each other average 12.8 percent compared with 10.9 percent on their imports from high-income countries, and tariffs on exports to other developing countries cost over twice as much ($57 billion p.a.) as those on exports to developed countries. Around three-quarters of developing country exports are manufactures and around 40 percent of them go to other developing countries. Thus the returns to liberalizing inter-developing-country trade in manufactures are potentially very large—both in terms of cheaper and better goods for consumers and users, and in terms of better jobs for producers.
Governments. This concern that has arisen recently in the DDAs is their
voluntary countries, but they are much below developed countries.
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coupling that their preferences increase, developed countries export
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Weighted Labor Rises
Developed Countries, they all grow

Manufacturers Post Liberal Round (percentages)

TABLE 5 - Average Most Favorable Nation Tariffs on

Source: Hand and Marini (2005)
developed countries' tariff reductions will erode developing country preferences. For some developing countries, especially the least developed countries, which have the largest margins of preference, this has become a reason for opposing the round, and for EU negotiators it is becoming an excuse to reduce and delay liberalization. Preferences have thus become a hindrance, not a help, to trade liberalization and expansion.

Clearly dismantling protective barriers is likely to have adverse consequences for some poor workers in manufactures. However, manufacturing workers are not usually the poorest, and much developing country manufacturing has a high degree of natural protection, so that even in the absence of compensating export growth, one should not expect to see the sector decimated. If liberalization proceeds multilaterally, there is a much better chance of offsetting export growth for most countries, because, just as industrial countries discovered, manufacturing allows a lot of scope for mutual trade because manufacturing processes can be finely decomposed and individual stages of production pursued where there is greatest advantage. Moreover, where exports to other developing countries do expand one might expect them to be more labor- and less skill-intensive than other exports, and so more likely to be directly pro-poor. The fear that opening up will somehow allow the developed countries to recapture developing country markets for simple manufactures is exaggerated—the two groups of countries produce substantially different goods.

If agriculture and mode 4 are the touchstones of industrial countries' good faith towards a poverty-alleviating DDA, manufacturing is the touchstone for developing country governments. It is important economically and difficult politically. One of the most disappointing aspects of the breakdown at Cancún was the apparent relief in some developing country governments that they felt they would no longer have to undertake any liberalization themselves.

3.5 Singapore Issues

In its first reaction to the failure at Cancún, the Directorate-General for Agriculture concluded that progress had been made on agriculture in Cancún and that the final stumbling block was over the so-called Singapore issues: trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation (EC General-Directorate for Agriculture 2003). This view confuses the im-
The Singapore issue was not always at front and center of the discussion. However, the need to promote development and improve the living conditions of the population is now recognized as a priority. The Singapore government has been working on various initiatives to address these issues, including improving education opportunities, providing social services, and enhancing the economy.

Despite these efforts, the challenges faced by the Singaporean population remain complex. The issue of housing, for example, continues to be a significant concern. The government has implemented policies to address this issue, but the problem persists due to limited space and high costs.

In conclusion, the Singapore issue is a complex one that requires ongoing efforts to address. The government and international organizations continue to work together to find solutions to the challenges faced by the Singaporean population.
an already overcrowded agenda, and undermine progress on improving market access.

To repair the Round, it is essential to be more accommodating on the Singapore issues. The European Union, Korea, and Japan (coincidentally the biggest defenders of agriculture) need to unbundle them and explicitly allow them to drop off the agenda if others insist. The European Union’s latest formal proposal—to keep them in but as voluntary plurilateral agreements outside the single undertaking—is much less attractive. They would still absorb developing country negotiation effort as governments would feel the need to monitor agreements they might eventually have to sign. In fact, an implicit consensus does appear to be emerging that the DDA should include only trade facilitation from the Singapore issues.

3.6 Special and Differential Treatment
Special and differential (more favourable) treatment (SDT) has become almost iconic within the DDA. One of the major advances of the Uruguay Round was to make the trading rules of the WTO a “single undertaking” whereby, with minor exceptions, all articles applied to all members. SDT was still present, however, within certain rules (e.g., on export subsidies), through extended adjustment periods, by requiring less liberalization from developing countries, and through nonbinding promises to pay special attention to developing countries’ export needs (including by offering tariff preferences). There was, however, no unified regime or even conception for SDT.

As we noted above, developing countries’ concerns about implementing their Uruguay Round commitments reintroduced SDT into the WTO. The developed countries were reluctant to concede most of the specific nonimplementation demands, but partly under pressure from local NGOs and activists, found that making fulsome statements about the principle of SDT was an easy way of evincing their willingness to make the trading system development-friendly and appearing to put the development into

25 In November 2003, the European Union also advanced the view that it did not need to pay in terms of other concessions to keep the Singapore issues on the agenda, on the grounds that they are on it already. The latter view is disputed—see (Rolfo et al. 2003)—but even if it weren’t, the view shows extraordinary insensitivity to the processes of negotiation.
3.7 Technical assistance and capacity building

To implement and move forward the objectives and the strategies of the WTO Mechanism, it is necessary to provide technical assistance and capacity building to developing countries, especially those that are the least developed.

Developing countries have been, since the 1970s, in a position to offer technical assistance and capacity building in the field of agriculturally and administratively simple sector and other complex sectors.

The stock answer to the developing country's need is the Fund for Development Assistance and Capacity Building.

The Fund for Development Assistance and Capacity Building was established in 1999 with a view to addressing the technical and administrative needs of developing countries, especially those that are the least developed. It is a mechanism that provides financial and technical assistance to developing countries to help them meet their development needs.

The Fund is managed by a Technical and Administrative Council, which consists of representatives from developing countries. It is financed by contributions from governments, international organizations, and other sources.

The Fund provides support in various areas, including:

1. Technical assistance: The Fund provides technical assistance to developing countries in areas such as agriculture, trade, and governance.
2. Capacity building: The Fund supports capacity building efforts in developing countries, including training, workshops, and seminars.
3. Development projects: The Fund supports the implementation of development projects in developing countries.

The Fund has been successful in providing technical and financial support to developing countries, and it continues to play a vital role in helping them to achieve their development goals.
five-thousand-word Doha Ministerial Declaration there are nineteen references to capacity building and twenty-one to technical assistance. The texts on all four of the Singapore issues make commitments to provide adequate technical assistance and capacity building. It is not clear how to define “adequate,” but assuming good faith, this could be overcome. But even so, capacity building and technical assistance are only a partial answer to the complexity of the DDA.

There are critical shortages of human capital and skills throughout developing countries, and in addressing them, demand is just as important as supply. A true development round would devise negotiating structures and outcomes that need less, not more, skilled input. Staffing their Geneva offices, contributing to international standards committees, or negotiating policies that will not be implemented for years are not necessarily better uses of developing countries’ scarce resources than, say, domestic policymaking, manufacturing, or education. And if they are better, developed country governments and commentators need ask themselves how they came to fashion a world so hostile to developing country interests that it is so.

Moreover, if developing countries lack the capacity to negotiate or administer highly demanding agreements we cannot just appeal to technical assistance as a way of underpinning them in developing countries. Developing country governments still have to manage the assistance, which will require both bureaucratic talent and political focus. Governments will be suspicious of programs that they cannot manage and will probably be unable to internalize their requirements and take advantage of them. Hence even with technical assistance the more complex of parts of the current DDA will drain skills out of other activities in developing countries and could be costly from that point of view alone. Possibly the most important guideline for international trade policy should be simplicity. One of the great virtues of the “old” trade liberalising agenda was that, at the same time as facilitating integration, it released resources rather than used them; consider, for example, the administrative and political simplicity of a uniform tariff. The Singapore issues are the very opposite in nature.

3.8 TRIPS and Public Health
TRIPS—the agreement on Trade Related Aspects of Intellectual Property—has been an almost constant source of friction between developing
3.9 Discourse Settlement and Institutional Reform

Countries over the issue:

The problem is that one can hope for good faith efforts between countries, but communication and negotiation are not enough. TRIPS in the Doha round and the Doha Declaration on TRIPS in the WTO were both set to expire in 2005. This lack of progress led to the formation of the WTO's new Dispute Settlement Understanding (DSU) negotiations on the issue. However, the negotiations have been slow and have faced many challenges, as discussed in the previous sections. In light of these challenges, it is important to consider the role of the US and other countries in promoting transparency and accountability in the negotiations.

TRIPS has been subject to negotiation in the DSU—although the United States has expressed a strong position in favor of mandatory TRIPS compliance in the context of the so-called "trilateral" agreements. This issue remains a key point for discussion.

Lower-middle income countries:

Many of these countries have made progress in addressing the needs of low-income countries, but there is still much work to be done. The adoption of the Doha Declaration on TRIPS and Public Health in 2001 was a significant milestone in the process of promoting access to essential medicines. However, more needs to be done to address the challenges faced by lower-middle income countries.

In conclusion, while progress has been made, there is still much work to be done to ensure that access to essential medicines is equitable and affordable for all.
although outside the Round’s single undertaking—that is, the negotiations would not be tied to the overall success or failure of the other parts of the DDA. The new deadline was May 2003, which was again extended, this time to May 2004.

Among the less contentious issues under negotiation on which we might expect some progress are: the enhancement of third party rights at the consultation, panel, and appellate stages of a dispute; the introduction of an interim review stage and remand at the appellate stage; the enhancement of compensation for violations; strengthening of the requirement to notify the WTO of the details of mutually agreed solutions; and strengthening of the special and differential treatment for developing countries. These amount to refinements to help the existing system work more smoothly.

More fundamental proposals for reform—on which, at present, there seems to be little chance of completion—include the following: accelerated procedures for certain disputes; new panel selection procedures; increased member control of panel and appellate body reports; clarification of the treatment of amicus curiae briefs; and various changes in enforcement procedures, including collective retaliation. All the indications are that the new deadline will be missed and it is not clear whether WTO members will ever find sufficient agreement to amend the Dispute Settlement Understanding (DSU). For the long run this is a source of concern because some disputes are very sensitive and if the dispute settlement procedures (DSP) lack legitimacy it could discredit the whole system. As defined at present the DSU allows only limited room for the appellate body to recognize political pressures. This is desirable in principle but in practice could lead the WTO into intense political conflicts with major players.

Domestically, conflicts between the judiciary and the executive and legislature are often resolved by allowing the judiciary to enforce the law as written but then introducing (through legitimate political processes) new legislation to make the law say what the majority want it to say. In the WTO the ‘law’ is vaguely worded and the legislative function is extremely cumbersome, because amendments to WTO articles require large supermajorities de jure and consensus de facto. Thus it is possible that a rigid DSP could lead to the appellate body of the WTO trying to enforce rules that more or less no one wants or, at least, that no one wants to have a major battle about. To date the appellate body has managed to avoid these problems, but there is a danger that in future, the WTO will
3.10 Anti-dumping

The export of anti-dumping goods are subject to the following procedures:

- Anti-dumping duties (ADDs) have been imposed on a number of countries—so-called friends of anti-dumping exporters (USD) have posed significant difficulties. ADDs have been imposed as a result of the following factors:

- The existence of domestic anti-dumping measures can also affect the outcome of disputes over dumping.

- The imposition of anti-dumping duties can make it difficult for countries to import goods from the United States. ADDs have been imposed on a number of countries—so-called friends of anti-dumping exporters (USD) have posed significant challenges. ADDs have been imposed as a result of the following factors:

- The existence of domestic anti-dumping measures can also affect the outcome of disputes over dumping.
Proceeding weeks, nations and around the table was achieved in the peaceful sessions over the
impossible, although according to negotiations a good deal of change- 
governmental relations in Geneva in mid-December 2003. This provided
fundamental issues at a meeting in Geneva in mid-December 2003. This provided
the cushion of confidence in a meeting of senior officials to receive the re-
The cushion of confidence called on senior officials to receive the re-

The long run could be a major advance.
If they can use it wisely and positively rather than negatively, that in
developing countries have a clear addition a real voice within the WTO,
address (ACP-NAFTA) bloc's rejection of the Singapore Round shows that
ACP and Pacific countries—Africa Union-Less Developed Countries
Canada and the use of the G20's rejection on agriculture and the African,
more-Africa—where inevitably complicated matters for the future.

The failure at Cancun was a shock, especially to the European Com-

4.1. After Cancun

would remain to be done even if it were successful.
would be the Doha Development Agenda that, however, and what
found the failure of the Cancun Ministerial, where they
This final chapter considers where the international trading system and
Although all parties expressed a desire to continue negotiating and the initial truculent reactions of the major players have been replaced by more cooperative stances, there has not yet been any concrete sign of a willingness to compromise beyond what was achieved in Cancún. Breaking the deadlock will require such movement. Given that the round is still named the Doha Development Agenda and there is still high-level commitment to the Millennium Development Goals, we suggest that movement is required in the areas listed below. Not all need be offered ab initio, but in order to repair the loss of trust from Cancún and revive the round, some fairly dramatic offers are required. These should ideally come soon, and if the DDA is to be concluded by mid-2007 they will certainly have to come by mid-2005.

As shown by the discussion in chapter 3, the most important of the areas where progress is required include commitments to the following:

- **Liberalization of agricultural trade**: This would include significant liberalization of agricultural tariffs, abolition of export subsidies, and reductions in trade-distorting domestic support; early movement in the most distorted areas like sugar and cotton would show serious intent on the part of developed countries.

- **Services liberalization**: This would include such measures as reaffirming the freedom of trade in cross-border electronically delivered services and enhancing the mobility of less skilled workers.

- **Significant reductions in manufacturing tariffs**: Reductions by developing countries would be a notable contribution.

- **Dropping all the Singapore issues**: The only exception, perhaps, would be trade facilitation, the agenda for which needs to be defined and explained.

- **A sensible definition of special and differentiated treatment**: This would focus on relieving small and poor countries of burdensome regulatory agreements but would reaffirm the need for trade liberalization for all countries.

### 4.2. After the Doha Development Agenda

The proposals above would be more than sufficient to turn the DDA into a great developmental success. But they are politically demanding all around the world. There has to be a chance, therefore, that the round fails—either with a bang—a spectacular collapse—or a whimper—creeping towards an inconsequential conclusion. What then?
To increase discrimination and increase the proportion of college students world-wide, we must also consider the role of trade blocs. However, that is where the problems begin. The trade blocs that are currently in place are not effective in reducing discrimination and inequality. These blocs serve to protect the interests of the countries that are part of the bloc, and often result in policies that favor the wealthy over the poor. As trade blocs continue to grow in size and influence, it is important to consider the potential negative effects on society and the world economy.

New Zealand and Japan have succeeded in reducing discrimination and poverty, while the United States and other countries have struggled to make progress. This is because the United States is a country with a long history of discrimination and inequality, which has hindered progress. Japan, on the other hand, has made significant progress in reducing discrimination and poverty, and has implemented policies that are effective in promoting economic growth and social cohesion.

As we look towards the future, it is important to consider the potential for trade blocs to exacerbate existing inequalities. If we are to make progress in reducing discrimination and poverty, it is essential to consider the potential negative effects of trade blocs and to work towards policies that promote economic growth and social cohesion for all.

By promoting diversity and inclusion, we can create a more equitable society. This is not only important for the individuals who are affected by discrimination, but also for society as a whole. A society that values diversity and inclusion is more likely to be productive and innovative.

Trade blocs, on the other hand, can create barriers to trade and limit the ability of countries to compete on a global stage. This can have negative effects on economic growth and social cohesion. As we look towards the future, it is important to consider the potential negative effects of trade blocs and to work towards policies that promote economic growth and social cohesion for all.

In conclusion, it is essential to consider the potential negative effects of trade blocs on society and the world economy. By promoting diversity and inclusion, we can create a more equitable society. This is not only important for the individuals who are affected by discrimination, but also for society as a whole. A society that values diversity and inclusion is more likely to be productive and innovative.

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The Politics of Failure

Although to most economists, trade liberalization is a sound policy that can greatly increase incomes, to much of the public it seems threatening and unnecessary. The losses from a trade reform—to producers and their workers in import competing sectors—are immediate, concentrated, and concretely visited upon identifiable individuals. The gains, on the other hand, are diffuse (small gains for the millions of consumers) and abstract (the future expansion of some export activity). Even though the latter far outweigh the former, the politics of promoting reform are very difficult and politicians who do so are taking large risks.

A round of trade talks helps liberal politicians in a number of ways. It provides examples from abroad and a degree of external pressure and/or incentive, and it promises higher returns to reducing your own barriers in terms of better access to export markets. If the round fails this assistance is lost, and if liberalization has been “sold” in an explicitly reciprocal way liberal politicians will be undermined. The last two decades have seen considerable progress in developing country trade liberalization, but particularly as interest in the distribution of income has increased, the political foundations of this have started to weaken. If the DDA fails (“the trading system is failing to deliver” we will hear), we could see many regimes turning inwards, eschewing further trade liberalization, and even reversing previous steps. Since it is primarily a country’s own trade liberalization that stimulates its economy, this could be very costly. Failure would, again, not merely imply lost opportunities, but set economic development back.

4.3 Beyond the Round

The previous section painted an alarming picture of the possible consequences of the failure of the DDA. But one should not fall into the trap of thinking that it is all that matters. There are important issues that fall beyond the round and others that properly fall outside the WTO system altogether.

In terms of the former, future rounds of trade talks will need to address issues such as the following:

- Much deeper liberalization of the movement of persons
- Achieving free trade in goods by, say 2020
- Abolishing all agricultural support except for simple income transfers to poor farmers
Moreover, the WTO in general and the DBA in particular could certainly have had a profound impact if it truly and effectively dealt with the various regulatory issues that affect the global trading system. These include, but are not limited to, issues related to intellectual property, technical barriers to trade, sanitary and phytosanitary standards, and environmental issues. However, the WTO has not been as effective as it could have been in addressing these issues, and as a result, the benefits of the WTO have not been fully realized.

In many cases, the evidence suggests that the WTO has been ineffective in dealing with the various regulatory issues that affect the global trading system. This is particularly true in the area of intellectual property, where the WTO has been unable to effectively address the various regulatory issues that affect the global trading system. In addition, the WTO has been unable to effectively address the various regulatory issues that affect the global trading system, such as technical barriers to trade, sanitary and phytosanitary standards, and environmental issues. As a result, the benefits of the WTO have not been fully realized, and the global trading system continues to be affected by a number of regulatory issues that could be addressed through the use of the WTO.

Finally, it is important to remember that the WTO is not a perfect organization, and that it is not a panacea for all of the problems that affect the global trading system. While the WTO has made significant progress in dealing with some of the regulatory issues that affect the global trading system, there is still a great deal of work to be done in order to ensure that the benefits of the WTO are fully realized.

In conclusion, the WTO is an important organization that has made significant progress in dealing with the various regulatory issues that affect the global trading system. However, there is still a great deal of work to be done in order to ensure that the benefits of the WTO are fully realized. As a result, it is important that the WTO continue to work towards addressing the various regulatory issues that affect the global trading system, in order to ensure that the benefits of the WTO are fully realized.
assist liberalization. A successful DDA will help to boost developing countries’ economic performance, and, given that the most important parts of liberalization are very cheap to implement (abolishing barriers and reducing tariffs), it is a very efficient tool for that purpose. But one must keep the DDA in perspective: much more will be needed as well. The WTO and the DDA are no substitute for sound policies in other dimensions, or for development-friendly policies over aid, finance, and migration. But neither do they compete with such policies. In fact, open trade and sound development policies are probably complementary, each enhancing the effectiveness of the other. Thus, a successful DDA is important, not only in its own right, but also as a means of maximising the benefits of other policies.


WTO website cited as source for figure 2.3 (formerly figure 3) needs URL.

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