

# *FOCUS WTO*

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WHAT DEVELOPING COUNTRIES  
CAN EXPECT FROM WTO

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## FOCUS WTO

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## From the Director's Desk



K.T. Chacko

About two-third of the WTO's 153 Members are developing countries. No doubt, developing countries constitute a diverse group having different concerns and aspirations; yet a thread of common interest also runs through them. It is well understood that despite the impressive economic growth recorded by some developing countries, they all suffer from uneven growth patterns. They have large vulnerable sections of society which need to be protected from economic shocks.

The Doha Round of negotiations have marked a sort of coming of age of developing countries in their multilateral engagement in WTO. The Doha Declaration gives primacy to needs and aspirations of the developing countries, and is therefore more popularly known as the Doha Development Agenda. The challenge now is to ensure that the outcome of the Doha negotiations reflects the promises held out in the Doha Declaration. Any major disconnect on this score is likely to make this Round a non-starter. It is hoped that the lessons from failure of Cancun Ministerial Conference and the pause after the mini Ministerial in Geneva in July 2008 will not be lost as the Members slowly move towards the conclusion of the Round.

Some of the most important expectations of the developing countries from the Doha Round is that the Round should give a fillip to their domestic industry and agriculture sector by providing larger market opening in the developed world. This can be achieved by reduction of tariff peaks and tariff escalation on industrial goods, elimination of export subsidies and meaningful reduction of domestic support for agriculture products. At the same time, the developed countries need to honour the concept of less than full reciprocity while seeking reduction of tariff on industrial goods. In agriculture sector, they need to provide adequate comfort to developing countries of not seeking reduction commitments on such agriculture products which are important to secure the objectives of livelihood security, rural development and food security.

The services sector presents a huge potential for trade led growth. India is a prominent service based economy and 56 per cent of its GDP is accounted for by the services sector. The potential for improving trade in services is not limited to information technology but spans several other knowledge based sectors like education, health, finance, accountancy, etc. As a result, a meaningful conclusion of Doha Round has to provide for adequate market opening for developing countries in the services sector of interest to them.

In negotiations concerning various WTO Rules such as on subsidies, anti-dumping, trade facilitation, etc., it would also be the expectation of the developing countries that their concerns are adequately met so that the resulting commitments are fair, more transparent and are not unsustainably resource intensive.

Over a period of time, the decision making in WTO has become more transparent and inclusive. The developing countries have found their voice, largely because they have actively practised the art of coalition building. It is important that this trend is not only maintained but strengthened so that the WTO reflects, more and more, the collective will of its Members as a whole rather than just of the powerful few. The developing countries can realize the full potential of growth through trade by such an inclusive and transparent process of decision making in WTO.

# Expectations of Developing Countries from Doha Round

Geethanjali Nataraj\*

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*The Doha round of multilateral trade negotiations, which began in November 2001 completed nine years almost making it the longest running negotiation in the post-War era. However, members of the WTO continue to differ on the depth of liberalization required in the areas of agriculture and non-agricultural market access (NAMA), thus hindering the discussion of other important issues on the negotiating agenda, particularly services. Failure of the Doha round would cause harm to the faith and confidence in a multilateral trading system formed under the WTO. The paper while emphasizing the importance of re-starting negotiations at the earliest also advocates that countries should follow unilateral trade policies suited to their own domestic needs but within the framework of the changing international trade environment. Whether one follows the regional or multilateral track, reforming the domestic economy is imperative in order to maximize the gains from trade liberalization.*

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## Introduction

THE year 1995 was a landmark year in the history of multilateralism with the inception of the WTO. The WTO is considered to be the cornerstone of the multilateral trading system, incorporating trade in goods and services and protection of intellectual property rights. Its basic objective is one of enhancing trade between countries without discrimination and it has special provisions for both LDCs (least developed countries) and developing nations to help them reap the benefits of international trade commensurate with the needs of their economic development. But the smooth functioning of the organization is riddled with several obstacles, as there is stiff resistance from developing countries like India to protect their sensitive sectors such as agriculture and safeguard the interest of millions of farmers across the country.

The Doha round of multilateral trade negotiations (MTNs), which began in November 2001 completed nine years this year making it the longest running negotiation in the post-War era. However, there is no end yet in sight. Members of the WTO continue to differ on the depth of liberalization required in the areas of agriculture and non-agricultural market access

(NAMA), thus hindering the discussion of other important issues on the negotiating agenda, particularly services.

The completion of the Doha round is mandatory for two key reasons. The *first* is to implement the tariff and subsidy reforms embedded in the draft texts developed to date and pocket the gains substantially agreed to. The *second* is to ensure the viability of the rules-based multilateral trading system. If multilateral solutions are put on hold, national governments - pressed by their domestic constituencies - will look elsewhere to resolve trade and investment problems, either through unilateral measures or through bilateral and regional trade pacts. Failure of the Doha round would cause irreparable harm to the WTO's credibility as a negotiating forum, which over the period, is likely to undermine its valuable dispute settlement mechanism.

## Development Agenda of the Doha Round and Gains from Trade

The multilateral trade negotiations launched at the 4th WTO Ministerial Conference held in Doha, Qatar in November 2001 have been titled as the Doha Development Agenda (DDA). The Doha Ministerial Declaration for the first time brought the interests of developing countries



## BOOKS/ARTICLES NOTES

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### ARTICLES

#### **Sectoral Concessions in WTO Negotiations**

by Suparna Karmakar, *The Hindu Business Line*,  
19 December 2008.

THE author in the article mentions that all the countries agree on speedy conclusion of Doha negotiations and have consensus that it will help in avoiding a 1930s-style protectionist global regime. It says that the WTO members agree at different platforms for not raising the unilateral protectionist barriers and mandate the WTO chairperson for negotiations but the members then engage in a new round of debates and discussions on the feasibility of the proposals being converted into acceptable modalities.

The first section of the article points out that the Doha Development Round (DDR) Negotiations have seen disagreements at the last stage and mentions the importance of identifying a more rational and implementable process to conclude the Doha Round. This section also mentions that the WTO members are evaluating the text on NAMA and recent text on agriculture and the new text include specific formulae and figures for determining countries' future tariff levels but there are substantial differences on the key issues of sectoral tariff elimination and preference erosion. It also mentions that a Mexican proposal compensates developing countries, taking part in sectoral initiatives with a gentler tariff reduction formula for other products was "no longer on the table", but have provisions for the critical "formula versus flexibilities" in the industrial goods tariff cuts. Mentioning the significance of tariff elimination for Indian industry, in particular the small and medium (SME) producers, the net impact of sectoral zero-for-X tariff elimination (the value of X to be determined through future negotiations) merits careful evaluation.

The next section of the article states that the Indian government is engaged in deep consultations with different sectoral industry groups to find out their positions and state of competitiveness but there exist some procedural and systemic issues that have become the bone of contention in the sectorals. Although participation in sectoral initiative was kept voluntary as per the Doha Agenda, the recent declaration by the US Manufacturing Alliance has forced the US negotiators to claim that unless a "critical mass" of key developing countries participate in at least two sectoral initiatives, the NAMA modalities cannot be sealed. Final section of the article mentions about the sectorals, which include chemicals, electrical/electronic machinery and industrial machinery and constitute about 40 per cent of world trade in industrial products. It concludes by suggesting that India should resist pushes for mandatory tariff reductions in entire sectors when issues pertaining to regulatory and standards related barriers are being consistently pushed to the backburner. It says that these lacunae have the potential of creating significant market distortions and *de facto* restrict the negotiated market access for majority of the SME exporters from India.

#### **Divide-and-Rule does not Work at WTO Any**

**More** by Paranjay Guha Thakurta, *Asian Age*,  
28 September 2008.

THE article starts with the reference of the Frantz Fanon's well-known book "wretched of the earth", which is about the Algerian anti-colonial struggle and says that the collapse of the Doha Round of talks at the WTO in Geneva reflects an important development in the political economy of the globe that it is no longer that simple for rich countries to divide and rule the dejected people of the world. It mentions that those who lament the demise of multilateralism in international trade and those who regret the absence of any breakthrough "concluded"

successfully, should realize the greater victory that has been won. It also states that the emerging economies like China and India and “small and vulnerable” nations of sub-Saharan Africa have stuck together and refused to yield ground to the powerful nations of North America, Europe and Japan and gave a message that it is better to have no deal than a bad deal.

The article mentions the importance of Doha Round by comparing it with two earlier rounds of trade negotiations, the Tokyo Round and the Uruguay Round, and says that this time the developing world has remained united and affluent nations could not “buy up” a few developing countries with special sops as had been done many times during past rounds of negotiations. It further mentions that the US and the European Union offered to consider more temporary work visas for skilled professionals that India had been demanding and four West African nations (Mali, Benin, Burkina Faso and Chad) had mobilized themselves to press for a cut in US government subsidies to its cotton farmers. The blame game started after WTO Director General Pascal Lamy’s claim that the US and Europe would reduce farm subsidies while developing countries would reduce import tariffs, failed and the Group of 33 developing countries, argued that farm subsidies in the US and Europe squeezed their own farmers out of the market, thereby reducing local food production and leaving their countries vulnerable to sudden spikes in food prices. China and India were blamed by America for being over-protective to their wide range of imports from food products to chemicals and automobiles. The author of the article mentions that three-fourths of the world’s poor survive on farming and 95 per cent of the world’s small and marginal farmers live in developing countries but the US has pitted their interests against those of nearly 90 per cent of the world’s population by seeking to subsidize a small section of less than six million Americans. It points out that Geneva round of talk broke on the exact modalities of devising the special safeguards mechanism in the Agreement on Agriculture that allows a country to temporarily increase customs tariffs in response to a surge in import volumes or a sharp decline in prices.

Finally, the article mentions that the concerns of the poor countries in Doha Round were sought to be addressed through “special and differential treatment” in case of reduction of import tariffs and it was also stated that there would be “less than full reciprocity” between developed and developing countries in case of cuts in import tariffs. The implication of above argument meant that rich countries were supposed to reduce duties relatively more than poor nations but nothing has happened and appears unlikely to take place in the near future.

**WTO Draft Ministerial Text — One Step Forward, Two Steps Back** by Pradeep S. Mehta and Pranav Kumar, *The Hindu Business Line*, 7 December 2005.

THIS article responds to the release of the WTO draft text document and mentions about the deadlocks over agriculture and several other issues pertaining to market access, special and differential treatments between the members of developed and developing countries. The article presents the analysis of the views expressed by the WTO chief regarding the expectations of the member countries from Hong Kong Ministerial in his report to the heads of the delegations, which points out that members should settle for less ambitious outcome and warns that recalibrating might lessen the immediate pressure on other members to move forward on important and contentious issues of deliberation. There are two expectations from the Hong Kong Ministerial that need to be resolved, include dates for establishing modalities and based on them submission of a comprehensive draft schedule.

It further points out that the WTO Chief had strongly defended the current regime of high support-based EU agriculture during his tenure of chief trade negotiator of the European Union, which the Southern countries in the leadership of G-20 countries are hoping to dismantle in the Hong Kong Ministerial. The article also mentions that in order to avoid the accusation of taking sides of developed countries Mr. Lamy included the report by the Chairman of the Special Session of the Committee on Agriculture as an annexure, which clarifies that full modalities on agriculture will not be achieved at Hong Kong but few areas of convergence need to build upon with support of other members. It

also points out that the Chair's report is disappointing due to the mentions of persisting disagreement between members on designating special products and access to the special safeguard mechanism that are known to have major gains for developing countries, following the July Framework Agreement. Similar situation exists for the non-agricultural market access (NAMA), where members have to decide dates for establishing modalities and, based on them, submission of a comprehensive draft schedule. As per the report of Chairman of the Negotiating Group on Market Access to the Trade Negotiating Committee (TNC), members have broadly agreed on a non-linear Swiss-type formula as far as the issue of the tariff reduction formula is concerned. The article also points out the complexities involved with Swiss-type formula and less than full reciprocity in reduction commitments by developed countries. The developed country members are also trying to include least developed countries' (LDCs) exemption from tariff cuts in measuring "less than full reciprocity in reduction commitments" that is making the simple arithmetic unnecessarily more complex.

While mentioning about the text on services the article mentions that there are no negotiations for any formula to dismantle existing barriers in trade as far as services are concerned and the Draft Ministerial Text on services suggested some additional approaches to realize the goal set out in the Doha Development Agenda *vis-a-vis* services trade liberalization. The article also mentions that post-Doha negotiations lack in Mode 4 and labour-intensive services and there have been no concrete majors taken in this regard.

Although DMT delves into issues such as trade facilitation, special and differential treatment, implementation, trade and environment, trade related aspects of intellectual property rights (TRIPS) and public health, LDCs and technical cooperation, etc. but the progress of all these issues is dependent upon substantial movement on the core issues of trade liberalization, particularly agriculture. Finally, the article welcomes the issues like commodities, coherence, aid for trade and accession that are added by the WTO Chief Mr. Lamy and says that issues like aid for trade could be helpful for LDCs in building their supply-side

capacity and also to overcome some of the potential negative impacts as a result of future tariff reductions under NAMA and reduction in farm subsidies by the North.

**Case for Differential Tariff Treatment for Developing Nations** by G. Srinivasan,  
*The Hindu Business Line*, 25 February 2007.

THE article points out that the countries who have followed a gradual and sequenced approach to trade liberalization such as China, Vietnam and India have had a much greater success in expediting growth and reducing poverty, in contrast to those that adopted indiscriminate liberalization. The article puts the views of, the Research & Information System (RIS) in the background of the tariff reduction formula for non-agricultural market access (NAMA) floated by the developed countries which says that the use of formulae and coefficients tends to make the negotiations and their impact non-transparent. The article suggests that in order to achieve less than full reciprocity developing countries should adopt a differential percentage reduction in tariffs or they should opt for lesser reduction in their absolute tariff numbers than the proposed cut by the developed countries. Therefore, the primary target should not be the coefficients in the Swiss formula; rather it should be the percentage reduction in tariff.

Explaining the Doha mandate for the developing countries the article mentions that for taking care of the special needs and interests of developing and least developed countries, besides the less than full reciprocity in reduction commitments, the article suggests that the developing countries should ensure the core objective of the tariff escalation and tariff peaks prevailing in developed countries for their product. It suggests that the special & differential treatment (SDT) needs to be improved in order to retrieve the development policy space that has been squeezed by different WTO agreements and proposals. It further argues that SDT is needed to neutralize the adverse impact on development of distortions in global markets triggered by the protectionist policies of the rich.

The article states that gradual and sequenced approach to trade liberalization has helped some developing countries in expediting growth and

reducing poverty as compared to the indiscriminate liberalization by few others. The article explains that the legally binding status to SDT provisions could grant policy flexibility on developing countries, which could be based on objective criteria such as a threshold of per capita manufacturing value added (MVA) for flexibility from commitments under NAMA, trade-related intellectual property rights and trade-related investment measures.

Finally, the article puts the views of the Director General of RIS who points out that developed countries have supported the process of industrialization to protect their industries and have used the soft patent laws as well and almost all the developed countries of today have extensively employed protection, with the US being the most protected and also the fastest growing economy until the Second World War. The article also suggests that the impasse in the global trade talks provides a good opportunity to make multilateral trade talks, agenda-setting and decision-making meaningfully inclusive and democratic.

**Don't Cry Over Doha Failure as the Stakes were Inflated** by Dani Rodrik, *The Japan Times*, 11 August 2008.

THE article at its outset questions the world trade minister's attitude towards finalizing the new multilateral trade agreement that reduces agricultural subsidies and industrial tariffs. It also points out that the multilateral trade agreement with the negotiation saga is continued despite numerous incidents of near-collapse, ups and downs and extensions. The article says that due to lower stakes of the countries involved in the negotiations of the Geneva round was the reason of recent failure on agreement. It also suggests that the successful conclusion of the "development round" will lift hundreds of millions of farmers in poor countries out of poverty and ensure that globalization remains alive. While, failure of the negotiation will have a near-fatal blow on the world trading system and push it into disillusionment and protectionism.

Pointing out the farm support prices in the rich countries, the article mentions that these prices tend to depress world prices as well as the incomes of agricultural producers in developing countries. The article also suggests that the farm-support policies

in developed countries have affected world prices as well as farm producers of developing countries and phasing out of the farm subsidies for most farm products would only have a modest effect on the world prices. For phasing out their farm subsidies developed countries have demanded for sharp cuts in import tariffs by developing countries, which is already at an all-time low. It also mentions that high farm prices help producers but hurts poor urban households in developing countries as happened during the recent increase in food prices when food-growing countries imposed ban on food export. Although farm reforms in rich countries could have a mixed effect on the world's poor and farm reform in the US and the EU and other rich countries would benefit their consumers and taxpayers as they have paid for the subsidies on the agriculture but the benefit exists only for a few commodities like cotton and sugar that are not consumed in large quantities by poor households.

Discussing about industrial tariffs the article states that rich countries have demanded sharp cuts in import tariffs by developing countries such as India and Brazil in return for phasing out their farm subsidies but the applied tariff rates in developing countries are already at an all-time low. It further mentions that complete elimination of all merchandise trade restriction would boost developing countries income by 1 per cent but instead of completely eliminating them Doha Round would only reduce these barriers. The article explains the myth of development round on agriculture and points out that it was used as an opportunity to gain the moral high ground over anti-globalization protesters by rich-country governments and WTO. It also provided an opportunity to the US to tear down the EU's common agricultural policy and was tailor-made for the few middle-income developing countries that are large agricultural exporters.

Mentioning about the "bicycle theory" of trade negotiations it points out that the continuous progress in liberalization backfired as the US and key developing countries found it difficult to liberalize their farm sectors, which led to the collapse of the latest round of negotiations as India refused to accept rigid rules that it felt would put India's agricultural smallholders in jeopardy. Finally, the article states that the risk of failed trade

negotiation can erode the legitimacy of global trade rules over the longer run. In the concluding remark it says there may be numerous expectations rather than the actual economic results on the ground that will determine the outcome of the negotiations.

**The WTO Negotiations on Industrial Tariff: What is at Stake for Developing Countries?**

by Yilmaz Akyüz, [www.policyinnovations.org/ideas/policy\\_library/data/01248](http://www.policyinnovations.org/ideas/policy_library/data/01248), May 2005.

THE paper in the beginning states that despite the significance of NAMA for industrialization and development, the issue has not got much attention in large parts due to primary focus on agriculture. The article mentions about several proposals, including linear formulas and non-linear formulas and explains that almost all the formulas so far proposed by developed countries would entail deep cuts in bound and applied industrial tariffs of developing countries.

This paper focuses on the implication of the negotiations on industrial tariffs for longer term industrialization in developing countries. It also mentions that less attention has been paid to the implication of tariff cuts for industrialization in developing countries and their participation in the international division of labour and the longer-term implications of proposed tariff cuts for capital accumulation, technical progress and productivity growth which is the key of narrowing income gaps and catching up with richer countries. It mentions that tariff allocation is not only or the best way to promote technologically advanced and dynamic industries. It also explains that more effective and first-best policy options successfully used in past for industrial upgrading and newly industrialized countries are no longer available to developing countries because of their multilateral commitments in the WTO, notably in agreements on subsidies, TRIMs and TRIPs.

The next section of the paper gives a brief overview of the NAMA framework without getting into technical details of various proposals with which the trade negotiators in Geneva struggle on a daily basis and which have been examined in various documents and papers prepared in the WTO, UNCTAD and elsewhere. This section named as the key elements of the NAMA framework mentions about full binding coverage, rapid and

continued liberalization, harmonization across countries and gender uniformity of tariffs across product lines. The paper also reviews the historical experience of today's advanced countries regarding the use of tariffs in the course of their industrialization, and compares and contrasts it with the actual situation prevailing in developing countries today and the proposals put forward. It says that the recent history of international development policy is replete with examples showing an inverse correlation between proliferation of rules and conditions on one hand, and degree of compliance, on the other, when rules are set without a full understanding of their consequences.

The paper also discusses the sectoral pattern and evolution of tariffs that may be needed in the course of industrial development in comparison with the constraints that would result from the proposals made by developed countries, and advances a simple alternative formula that can help reconcile policy flexibility with multilateral discipline. The paper also presents an evaluation of various estimates of benefits of tariff cuts to developing countries.

The next section of the paper turns to the question of reciprocity from a broad developmental perspective where it says that granting the fix life agreement option to developing countries would be an appropriate application of the principle of less-than-full reciprocity, and would represent an important advance over the current procedures for the re-negotiation of tariffs. Finally, the paper concludes with a brief summary of the key points on how the negotiations could accommodate both the immediate needs and longer-term interests of developing countries.

**Gains from the Current Doha Offers**

by Suparna Karmakar, *The Hindu Business Line*, 17 July 2009.

WHEN the WTO General Council will hold the Seventh Session of the WTO Ministerial Conference in Geneva, the Doha Round will have the distinction of being the longest WTO negotiation till date, surpassing the previous Uruguay Round. Given the enhanced agenda and new dynamics of the global economic power play, an early conclusion of the Round would have required a miracle, points out

the article by taking the reference of Prof. Jagdish N. Bhagwati's views on current trade negotiations.

Mentioning about the WTO agenda the article points out that some noted WTO experts in the US and the World Bank continue to recommend further enhancement of the WTO negotiating agenda, ostensibly to "ensure a win-win outcome" for all stakeholders. The ability of the WTO to enforce negotiated rules through its Dispute Settlement Board appears to be the main reason for WTO's attraction over other multilateral organizations. It also points out that due to ongoing economic and financial crisis and the sentiments of protectionism the world now appears to be moving towards a much larger direct role of government in production and management of the economy aimed at stemming the worst impact of the recession. Therefore, WTO member countries will not undertake the commitments of painful liberalization necessary to achieve closure of the Doha Round in the near future.

The next part of the article points out that conclusion of the DDR after the economic crisis have been given due importance in different meetings of various sub-groups of WTO members, which has resulted in support of not imposing new barriers to trade and a speedy conclusion of the DDR. It further mentions that leading economies need to resolve their differences on slashing the farm subsidies and tariffs on traded goods and as the current package of Doha Round is only about 80 per cent agreed, conclusion of the DDR will really be a tall task. The article also mentions about the WTO reports that have highlighted the dangerous fallouts of the protectionist barriers imposed in response to the global economic downturn, and the "buy local" legislations, import penalties and other border restrictions instituted by the key WTO members, causing more difficulty at a time of depressed demand and declining trade flows.

Final part of the article discusses about the falling trade volumes despite certain services sectors have performed better than other merchandise trade overall. It says that concluding the Doha Round would certainly improve the environment of trust and respect for multilateralism. While protectionism among WTO members in the current recession has been contained by the parameters of the negotiated

safeguards and tariff ceilings, the sectors with limited and weak negotiation coverage have seen more virulent protectionist action.

### **Cultivating America, by Cultivation**

by Amitendu Palit, *The Financial Express*,  
1 August 2009.

THE article in the beginning points out that future India-US relationship is expected to strengthen on the pillars of agriculture. It mentions that the visit of the US secretary to India has identified agriculture as one of the strongest pillars of bilateral cooperation and has also pointed out the long history of cooperation between the two countries on agriculture. While mentioning about the historical cooperation between India and the US, the article takes note of the US involvement in Indian agriculture during fifties and sixties when food was imported under PL480 scheme and US and Western support was provided in financing research for developing HYV seeds, which helped in the 'green revolution' by multiplying domestic cereal output. It also speaks about the US support to Indian agriculture by pointing out that much of the research on HYVs was carried out at the Consultative Group on International Agricultural Research (CGIAR) Centers, which was majorly supported by the US.

Pointing out about the current support to South Asia by the US initiative, the article mentions that Cereal Systems Initiative for South Asia could be a key ground for bilateral cooperation, where Indian government, USAID, CGIAR, the Bill and Melinda Gates Foundation and corporate are targeting six million farmers across South Asia for enhancing crop yields with positive outcomes for household incomes and food supplies. It also mentions that the US realizes the futility of subsidizing farm exports and says that latest budget proposals have tried to rationalize subsidies, which is critical to Mr. Obama's plans to improve quality of public expenditure. Mentioning about the global trade, the article says that the Asian markets have institutional architectures such as ASEAN and multiple bilateral pacts for stimulating trade-induced growth and localization of global trade in Asia that can be avoided only by reviving multilateral trade talks. This implies kicking to

life the Doha Development Agenda (DDA), which can't be revitalized without addressing core concerns of developing countries and the US and EU are widely perceived as 'villains' in this regard. They not only subsidize farm output for outcompeting developing countries, but also block market access for manufactured products from the latter.

The article mentions that the US has shown 'willingness' to lend a sympathetic ear to developing country concerns in the latest Cairns Group discussions along with India, China, Japan and Europe to push farm trade talks. It says that the US budget conveys positive impressions on eliminating farm subsidies and is cooperating in agriculture with India and developing countries on the issue of special safeguard mechanisms (SSMs) and shows the desire for removing roadblocks. It finally mentions that despite tall claims, subsidies on dairy exports were recently re-introduced by the US to save dairy products from competition. It suggests that India's collaboration with the US on agriculture has not only benefits of crop yield and productivity, but also will strengthen the ongoing efforts to legitimize food security. The perceived benefits would be even more if DDA takes off.

### **'Everything but Arms': Great Expectations**

by Lucian Cernat, *The Financial Express*, 23 March 2005.

TAKING the reference of the Dickens' novel, the article mentions that the idea behind granting preferential market access to least developed countries follows with the logic that duty- and quota-free access to the large European market will try to lift the trade performance of the LDCs and their overall economic development. It points out that initiative of tariff and quota free entry to imports from LDCs to the markets of developed countries bore fruit in 2001, when the European Union granted duty-free and quota-free access for all goods originating in LDCs, under its EBA initiative. Despite duty- and quota-free entry to 919 agriculture products from LDCs, most of which included meat, dairy, beverages and milled products, sensitive products like bananas, rice and sugar have not been liberalized immediately and they will enter the market in the phased manner.

The article states that other developed countries including the United States' African Growth and Opportunities Act, AGOA have made similar proposals but in terms of product coverage and the value of trade, the EU proposal is the most important as the EU is the single most important market for African LDCs' exports, and it covers most of their products. Explaining the importance of EBA implementation, the article points out that despite the big annual fluctuation in the exports of African LDCs, significant number of LDCs have improved their post-EBA export performance in agricultural products, relative to the pre-EBA period (1995-2000), while some other LDCs still have negative export growth rates. Moreover, few products and countries have been able to position themselves and capture the expected benefits of EBA.

The article also mentions that product-by-product analysis has shown that Bangladesh is the only LDC in the top 20 preferential suppliers to the EC, while absolute trade value remained low for most of other LDCs, casting doubt on the ability of trade as a viable engine for development and poverty alleviation. The mixed post-EBA performance is partly explained by the relatively low pre-EBA tariff barriers faced by African LDCs in the European market under its various preferential regimes. The article states that although the EBA initiative has not generated sizable welfare gains for the LDCs, the attractiveness of the EBA initiative will be further reduced by the EU's Common Agriculture Policy (CAP) reform and the ongoing WTO negotiation.

Finally, the article presents two sets of policy implications after analysis of the debate on the issue of exports from LDCs. It says that in order to fully utilize the trading opportunities provided through the EBA, the EU should minimize the negative impact of the remaining non-tariff and market entry barriers, as well as the uncertainties and complexities associated with the safeguard measures and rules of origin. It further suggests that the EU and other developed countries should also redesign development aid in order to lift the pervasive supply side constraints and infrastructure bottlenecks in the LDCs.

### **Agricultural Negotiations and WTO**

by Manoj Pant, *The Economic Times*, 9 May 2008.

THE article at its outset states that countries are involved in cutting import restrictions on foodgrain while imposing restrictions on their own exports of food items at the time of strange trade liberalization and also when world is rolling under food shortages and inflation. It also states that although WTO has shown its interest in removing import restrictions it has been silent on export restraints. Therefore, import dependent countries like Japan now require that major agricultural exporters should be prevented from imposing export restraints.

The article compares the situation of the all trade negotiations just one year back when they were stalled on the issue of agricultural subsidies by the US and EU to items like milk and milk products, beef and cereals, which were to be settled at \$14 billion and the US trade representative was unwilling to come below about \$17 billion on the total subsidy but today when the US subsidy is down to around \$8 billion and there is no sign of closure of the Doha Round. It points out the reason that at the time of soaring agricultural prices, subsidies are not required as subsidies go up when agricultural prices go down. The article states that the inclusion of the Agreement on Agriculture (AOA) in the WTO agenda is instructive as GATT was specifically concerned with trade in manufactured products. Earlier developing countries were exempted from reciprocity in tariff reductions effected by the developed countries as the primary purpose of the US, was to break the system of preferential tariffs available to the UK in its trade with its former colonies and bring the outlawed Japan into the trading mainstream.

Explaining the emergence of the WTO the article points out that conflict on the issue of non-reciprocity available to developing countries in Tokyo round and inclusion of services into trade and mandatory agreement on such trade gave birth to a new administrative body called the WTO. Due to conflict between the northern and southern countries on the agenda of TRIPS and TRIMS, the agricultural exporting countries (called the Cairns group) came into action. The article further mentions that the Cairns group used US-EU disagreement on agricultural trade to bring this trade into the

WTO under a new agreement called the AOA and made it enforceable via the 'single undertaking' clause. Finally, the article mentions that the Doha Round will never end as countries will keep stalling agreements if trade falters elsewhere in the world. It says that the AOA is destined to fail especially in a poverty-ridden world as without the Blair House agreement giving exceptions to the US and the EU it is unlikely that the AOA would ever see the light of the day.

### **Doha to Geneva via New Delhi**

by T.S. Vishwanath, *The Economic Times*, 20 July 2009.

THE article in the beginning states that the World Trade Organization (WTO) after silence of several months is pushing the beleaguered Doha Round back into circulation by organizing a mini-ministerial in New Delhi in the leadership of India, where focus of the discussion is on agriculture and industrial goods and for the successful completion of the Geneva ministerial, it is important that services are given prime importance.

Mentioning about the negotiations on the agriculture the article says that discussions to rein in subsidies of developed countries should not result in binding commitments which are not even close to targets the countries have to meet in order to fulfill internal reform commitments. If agriculture, which is at the core of a Development Round, fails to deliver any real market access opportunity to poor nations in developed countries, where only 2-3 per cent of population is dependent on this sector compared to 70-80 per cent in developing country economies, this Round would be a failure. It suggests that the reluctance of rich countries like Japan, Switzerland or Norway to open markets in several key products has to be resisted to balance the interests of developed and developing countries in WTO. The article states that India should use this platform to reform agriculture so that it can justifiably seek a longer period for implementing these reforms and by strategically liberalizing sectors in agriculture which are not vulnerable, India can also channel investment and technology into this sector.

Mentioning about the negotiations on industrial goods, the article points out that such negotiations are disadvantageous to developing countries mainly

due to the two proposals on the table. The first is on sectorals which seek zero duties on select products and the second is the anti-concentration clause which reduces flexibilities available to developing countries and the combined effect of these proposals will badly affect the developing countries. The article points out that the proposals on the sectoral primarily focuses on the three sectors (chemicals, industrial goods and electrical & electronics), which constitute to the majority of the world trade and China is the only developing country with reasonable presence in these sectors in global markets. The article suggests to keep sectoral out of the WTO in this Round as the balance would be lost if products of interest to developed countries move to zero or near zero duties globally and products like textiles which are of interest to developing countries would at most come down to 7-8 per cent in developed country markets. It also suggests that developed countries will have to make

a special attempt to bring their peak tariffs in areas of interest to developing countries to at least 5 per cent if not closer to their average of 2-3 per cent.

Finally, the article mentions that the focus of the NAMA negotiations has to be on the formula for binding tariffs at lower levels and says that very little progress has been made on the discussions of non-tariff barriers as countries are not clear on tackling of this serious problem. It says that NTBs are mainly domestic regulations and countries are not ready to give up their sovereignty to impose laws at the WTO but it is important to address this problem if real market access is the objective of the Round. The article concludes by stating about the appropriate room for all the countries as far as negotiations on NAMA are concerned and suggests for identifying most important issues to resolve in all areas of negotiations so that the coming ministerial in December concludes successfully.



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to the forefront of the negotiations (paragraph 2). However, it has been difficult for the WTO Members to find consensus on the exact contours of the "development dimension" and to accordingly reach agreements in all the areas of negotiations.

After much efforts by the WTO Members to launch a new round of MTNs in Seattle in 1999, the launch of the DDA was something of a breakthrough and bolstered confidence in the WTO and the multilateral trading system. The 142 members of the WTO had agreed to take "the development dimension seriously across the board", although some thought of it as a mere post-Seattle spin (Lamy, 2003). The DDA made growth and development its principal focus. It is widely agreed in the community of trade analysts and economists that liberalizing markets for trade in manufactured products, services and agriculture can buttress global economic growth and development. During the planning of DDA, it was considered essential that the negotiations deliver more to developing countries than they received from the eight GATT rounds of MTNs in the past. The issues included in the DDA were: agriculture, services, industrial tariffs, implementation, environment and some areas of intellectual property. It was expected that liberalization of multilateral trade in agriculture would receive a great deal of attention from the Organization for Economic Cooperation and Development (OECD) countries. Although not a part of the "single

undertaking", a reform of Dispute Settlement Understanding (DSU) and addressing the vulnerability of least-developed countries were also agreed to be taken up during the MTN by the ministers during the Doha Ministerial Conference.

The development agenda of the Doha round centres around creating market access opportunities and reform in agriculture, expanding opportunities for manufactured goods and services, and updating the trading rules to meet the needs of a 21st century economy. Two-thirds of the WTO members are drawn from developing countries. A study by the World Bank and the Institute for International Economics (IIE) showed that elimination of global trade barriers could lift 300-500 million of the world's poor out of poverty. A successful trade round will be comprehensive and ambitious. According to the World Bank "...the liberalization targets under the DDA have to be quite ambitious if the Round is to have a measurable impact on world markets, and hence poverty... In order to have a significant near-term impact on poverty, complementary domestic reforms are required to enable households to take advantage of market opportunities created by the DDA."

There are four major areas of focus within the Doha Development Agenda to deliver market access opportunities.

### **Agriculture**

Over 70 per cent of the poor in developing countries live in rural areas. Agriculture is the

largest employer in low-income countries, accounting for about 60 per cent of the labour force and producing about 25 per cent of GDP. Developing countries have rightly focused on the need to reduce and eliminate trade-distorting subsidies in developed nations, and the United States continues to lead on these reforms, but World Bank findings show that only 2 per cent of the potential gain to the world will come from developed nation elimination of export subsidies and 5 per cent to removing domestic support measures. Focusing on market access is where the biggest gains to global trade liberalization are to be realized. According to the World Bank, 93 per cent of the global benefits from removing distortions in agriculture would come from market access. For developing countries, nearly all of the benefit they receive from liberalization is from the global reduction of import tariffs.

World Bank modeling shows that "over half the gains to developing countries from global agricultural reforms would come from liberalization of developing countries themselves." As shown in study after study, including the United Nations' millennium project on trade, the biggest gains come from developing countries' own liberalization reflecting the basic point that protection hurts the consumers of the protecting country. Two additional factors boost the potential gains to developing countries from global reforms:

- (1) Agricultural tariffs are even higher in developing than developed countries.

(2) A large minority of developing country trade is now with other developing countries.

### **Non-Agricultural Market Access**

According to recent WTO data, developing countries saw their share in world merchandise trade rise sharply in 2004 to 31 per cent, the highest since 1950, and developing countries command now almost 20 per cent of world exports. Similarly, total trade within the developing world (South-South trade) is growing at 10 per cent per year, double the growth rate of world trade. South-South trade now accounts for over 40 per cent of developing country exports.

Over 70 per cent of the duties paid by developing countries are paid to other developing countries, largely a function of high tariff rates. For example, more than 60 per cent (approximately \$23 bn) of developing country exports to one advanced developing country – Brazil – are subject to tariffs greater than 15 per cent.

In a study of five leading industrialized-developing countries – Brazil, Egypt, India, Malaysia and South Africa – top non-agricultural, manufactured exports to trading partners with low duties valued \$1.3 billion, more than 3½ times the value of the trade among themselves (\$361 mn). These results suggest low duties support export growth and high duties suppress trade.

The broadest measure of trade restrictiveness – the average bound tariff – shows that the United States is among the

least restrictive trading economies in the world, with an average bound tariff on all goods of 3.6 per cent, compared to the 39 per cent average of all WTO members.

The World Bank's findings suggest that the biggest developing country winners from the Doha Round overall will be: Brazil, Argentina, other Latin America, India, Thailand and South Africa, along with some others in southern Africa. Notably, the Bank found that the rest of sub-Saharan Africa gains when non-agricultural market access is expanded and especially when developing countries participate as full partners in the negotiations.

### **Services**

According to World Bank data, the services sector accounts for the largest and fastest growing share of GDP in middle and low-income economies. Over half of total employment in Latin America, Caribbean and East Asia is in the services sector. An IMF study showed that countries with fully open telecommunications and financial services sectors grow up to 1.5 percentage points faster than other countries. Liberalization in global services trade will bring the infrastructure of modern economies – express delivery services, reliable communications, financial services, transportation services and others – to the developing world. The World Bank estimates that nearly \$900 billion in annual income gains would be realized by developing countries from elimination of their barriers to trade in services.

### **Special and Differential Treatment**

The Doha Development Agenda recognizes that developing countries will need additional assistance to participate more fully in the global economy. The WTO's system of rights and obligations provides for special and differential treatment (S&D) – ways in which developing countries are provided unique treatment to assist their participation in the system. The Doha mandate explicitly states that special and differential treatment will be an integral part of the Doha negotiations. Lesser reductions and longer phase-in periods are examples of S&D. Least Developed Countries – designated as LDCs by the United Nations – are not obligated to make contributions.

Since WTO Members are able to “self-elect” as developing countries, a central challenge in the Doha Round is to provide special and differential treatment to facilitate integration without providing disincentives for countries – both developed and developing – to liberalize and reform.

Another challenge in providing special and differential treatment arises because each country presents a unique set of circumstances; it will be critical to achieve solutions that effectively address individual needs of Members rather than attempt outdated “one-size-fits-all” solutions. The Doha negotiations place much greater attention on ensuring that as negotiations progress, developing countries

have the wherewithal to participate as well as implement the resulting agreements. This has involved an increase in trade capacity building assistance and creation of a WTO trust fund to which the United States has contributed more than \$1 million annually.

It was well recognized in Doha that developing economies require improved access to technologies and markets – which means expansion in their trade – for underpinning their growth endeavours. To be sure, world trade has grown and developing countries have not been excluded from it. Several developing countries that were classified as low-income economies in 1980 have successfully managed to raise their level of manufactured exports from 20 per cent of the total to 80 per cent. Many of them have entered the ranks of today's middle-income countries or the emerging-market economies (Das, 2004a). Between 1980 and 2001, the share of developing economies in world trade increased by 20 per cent, from 15 per cent to 35 per cent of the total. Expansion of exports in manufactures – not agriculture – accounted for bulk of this trade growth (WB, 2003).

One far-reaching consequence of liberalization of tariff and non-tariff barriers (NTBs) by developing economies since the mid-1980s is increase in their competitiveness in the global marketplace, leading to larger volume of their exports. Some 25 emerging-market economies have made impressive strides in exporting low- and medium-

technology goods. Others have succeeded in exporting high-technology products, particularly electronics goods, computer components and information technology related products. Exports of automobile parts from the low- and middle-income developing countries have accelerated with a rapid pace, at more than 22 per cent per year (WB, 2003; Das, 2004a). Between 1981-2001, growth rate of exports of these products from the developing economies was much higher than the global average growth rate. Regional or global production networks, or production sharing, have also helped in raising export volumes of the emerging-market economies. Production networks, which are based on the principle of “slicing of value chain”, tend to benefit the participating economies by allowing production to be broken into discrete stages. Each stage is performed in the country best suited for it. For instance, labour-intensive stages or production stages are undertaken in the labour-abundant countries, while capital- or knowledge-intensive stages are undertaken in matured economies. Production sharing can greatly expand the range of industrial activities that can be undertaken in a developing economy.

Growth rate in export expansion of traditional low-technology goods, such as textiles and apparel, from the low-income developing economies was 14 per cent per year over the 1981-2001 period. Export growth of other products was faster. For instance, exports of electronics products grew at the rate of 21

per cent per annum – fast enough to double in value every few years. This category of exports did not exist in 1980 in any developing economy. Not only market share but also the range of market of the developing economies increased considerably during this period. All the regions improved their competitiveness during the 1990s and gained in market share at the expense of the industrial economies. This was not true for the decade of the 1980s.

The disturbing aspect of this trade expansion was its uneven distribution among the developing economies. This entire expansion occurred due to the trade expansion of the middle-income developing economies. Conversely, the global share of 49 least developed countries (LDCs) did not increase at all. In fact, in 43 countries in this sub-group exports contracted over the 1981-2001 period (WB, 2003). At the present time, developing economies are getting discriminated under multilateral trading system. Stern (2003) has identified “pockets” of stringent protection in products in which developing economies have comparative advantage. For instance, Canada and the United States still have tariff “spikes” in textiles and apparel, while the European Union (EU) and Japan have them in agriculture, food products and footwear. These pockets of tariffs have proved to be effective barriers to exports for a large number of low-income developing economies, particularly for those developing economies that are on the initial rungs of the technology ladder.

About three-quarters of world's poorest people live in rural areas, where agriculture is the mainstay of their economy. But they cannot export their agricultural products to the OECD markets because the tariff barriers faced by them are 10-times or more than those on typical inter-OECD trade. In 2001, the agricultural subsidies and other support in the OECD economies amounted to \$311 billion, which was 1.3 per cent of the GDP of this country group. The level support to the agriculture sector has not reduced much over the last decade-and-a-half. The large magnitude of support – which led to large agricultural output in the OECD economies – tended to depress the international prices of those commodities that low-income developing economies are attempting to export (Stern, 2003).

In majority of the important sectors, exports of developing economies face barriers in both industrial and developing economies' markets. The former impose five times higher tariffs on exports of manufactures from the developing economies than they do on exports of manufactures from other industrial economies. Tariffs and other barriers imposed by other developing countries are even higher than those imposed by the industrial economies (WB, 2003). Protectionist measures in the developing economies generally take other forms than *ad valorem* tariffs. Quantitative restrictions (QRs), specific tariffs and anti-dumping measures are presently endemic in the developing countries against exports from the other developing economies.

## Current State of Play in the Negotiations

Since the last WTO Ministerial meeting in Hong Kong in 2005, the WTO Doha negotiations have experienced roadblocks. Attempts to revive negotiations last year during the July 2008 mini Ministerial meeting also failed because developed countries showed little inclination towards settling key issues like agriculture. In principle what the Doha Declaration agreed to in 2001 was meant to foster "development" in developing countries and address the adverse impact of trade liberalization and deregulation. Since then, Doha negotiations have been dragging on for almost a decade with developing nations rightly remaining cautious about concluding a "bad deal". Developing countries feel negotiations are still imbalanced and they are on the verge of experiencing a raw deal.

The stalemate is largely over developed countries' reluctance to make considerable reductions in their trade distorting agricultural subsidies and unbalanced proposals for further reductions in industrial tariffs. From 30 November to 2 December 2009, after a spate of failed attempts to revive the WTO Doha Negotiations, a WTO Ministerial conference is scheduled to take place in Geneva. It's a much-anticipated event given American President Barack Obama's enthusiastic endorsement of the G-20 statement in April this year, calling for a conclusion of the Doha talks.

Developing countries are faced with a number of challenges to meet their

development needs. These include growing their economies, addressing high levels of poverty, ensuring job creation, expanding their manufacturing bases and managing their resources. The question is, in the context of the global economic and planetary crisis, will the WTO negotiations seek the opportunity to question unbalanced trade rules or continue negotiations within the current economic paradigm that essentially perpetuates underdevelopment in developing countries?

The current state of play amongst the WTO members – more so from developing countries – is that unless agreement is reached on agriculture and non-agricultural market access (NAMA), no negotiations will take place on other issues such as services, trade in environmental goods/services, trade facilitation and geographical indicators, amongst other issues. The stalemate in the negotiations questions the legitimacy of the WTO to promote fair and balanced multilateral trade rules that will address the past and current inequities, which developing countries are faced with.

On agriculture, points of contestation are the elimination and/or reduction of trade distorting subsidies and substantial market access opportunities for developing countries' agricultural goods. Developing countries that belong to the G-20 and also happen to be big industrial agricultural producers have formed a coalition. These countries have a proactive interest in greater

market access in the developed world.

Within the WTO's Group of 33 (G-33) countries, there are also countries that have huge peasants, family, subsistence and small-scale farming communities. Vitaly, these countries are calling for special safeguard measures to protect their small-scale and emerging farmers from the adverse effects of trade liberalization. India, for example, belongs to both the G-33 and G-20. So while the G-20 is calling for greater market access, it will mostly benefit large-scale agriculture farmers and businesses, if at all. Furthermore, the WTO perpetuates the current permissive industrial agricultural production and trade system in genetically modified organisms and agrofuels (biofuels) that contribute significantly to climate change.

On NAMA, developing countries want guaranteed policy space. In other words, the right to develop policy through experimentation, in addition to the flexibility to design industrial, trade, technology and social policies unique to their respective situations. The challenge for developing countries is how they use the policy space if they get it.

Certain economic instruments are necessary, such as the flexibility to raise or drop industrial tariffs when necessary, particularly to protect industries and jobs from import surges as well as to allow subsidies to support infant industries and build domestic capacities and assets. The current WTO negotiations curtail these instruments and subject countries

to binding commitments. At the same time, past and current industrial development is having a significant impact on the physical environment, the use of natural resources and the socio-economic rights of workers.

The New Delhi mini-Ministerial meet on 3-4 September 2009, meant to energise the Doha trade talks, was timely. The collapse of the talks at Geneva in July 2008 was, at least in part, due to the fact that the Ministers representing the world's two largest democracies had an eye on the electoral calendar in their countries.

However, shortly after that the onset of the worst recession of the post-War era cast a shadow, resulting in a hiatus in the Geneva dialogue after December 2008. The New Delhi consultations came at a time when that shadow was vanishing. What is more, a swift conclusion of the multilateral trade negotiations is being increasingly seen as an outcome that will hasten the recovery of the world economy. It was also opportune for India to host a meeting on the Doha Round at this time for one other reason. For quite some time now, developing countries like India and China have been unfairly perceived as a roadblock to progress.

In the Climate Change Talks too India has been seen as the perennial objector. In this context it is important for India to get proactive and play a role in resolving the roadblocks. The two-day mini-ministerial meeting of some 36 trade ministers hosted by the Government of India in New Delhi during 3-4 September

focused on how to put an end to the stalemate. In that context, a few proposals were placed to "re-energize" the Doha Round of multilateral trade negotiations, but no clear-cut direction was visible. It was decided to hold senior officials' meeting in Geneva to plan a road map in the next 2-3 months to see how the Round can be concluded. The process will be carried forward by the Chairs of the Negotiating Groups in consultation with trade negotiators and senior officials. India, however, stressed the importance of negotiating on services in addition to agriculture and NAMA.

Representatives from the G-33, G-20, and G-10 (all different coalitions with interests in agriculture), NAMA-11, the Least Developed Countries (LDCs), Small and Vulnerable Economies (SVEs), CARICOM (Caribbean Community), the African Group, the African, Caribbean and Pacific Countries (ACP) and the Cotton-4 were invited, and attended, the mini-ministerial meeting. Trade Ministers from developed countries such as the US, the EU, Australia and South Korea also attended.

In this backdrop, the importance of re-starting the talks and negotiations at the earliest can hardly be overlooked. *First*, it is going to determine the future role of the WTO as a facilitator of a multilateral trading regime. *Secondly*, it will also determine the role of developing countries in world trade.

In spite of all the difficulties, WTO has gained popularity and significance. The number of countries waiting to seek

accession becoming full fledged members adequately reflects such importance. The *WTO Annual Report 2008* indicates that its total membership stands at 153 and a further 20-plus countries, most of which are LDCs, are negotiating accession. These countries account for nearly 90 per cent of world trade. In another *WTO Annual Report 2005*, it is said that elimination of barriers to merchandise trade in both industrialized and developing countries could result in welfare gains of \$250-620 billion annually. A more rapid growth associated with a reduction in global protection could reduce the number of people living in poverty by as much as 13 per cent by 2015. It proves that trade liberalization and poverty reduction go hand in hand. Therefore, it is clear that for small and poor countries the WTO is the right platform to go ahead with reforms and pursue their goals of economic development through enhanced trade liberalization. Above all, one must remember that good trade policy begins at home. The surest way to liberalize and progress is to reform one's domestic economy. Whether one follows the regional or multilateral track, reforming the domestic economy is imperative in order to maximize the gains from trade liberalization.

In the current situation, it would be best to disregard the debate surrounding the efficacy or future role of the WTO as an organization and the outcome of the collapse of talks at Geneva. The bottomline is that countries should follow unilateral trade policies suited to their own domestic needs but within the framework of the changing international trade environment.

#### NOTES

- <sup>1</sup> Adler, Brunel, Hufbauer and Schott (2009), "What's on the table? The Doha round as of August 2009", Working paper 09-6, Peterson Institute of International Economics, Washington DC.
- <sup>2</sup> See speech by Commissioner Pascal Lamy "Can the Doha Development Agenda Live up to its Name?" delivered in Cancun on 10 September 2003.
- <sup>3</sup> Implementation matters refer to difficulties faced by many developing countries in putting current WTO agreements in place and incorporating them in their domestic body of law.
- <sup>4</sup> Office of the United States Trade Representative [www.ustr.gov](http://www.ustr.gov). Doha Development Agenda Policy Brief – October 2005, p. 3.
- <sup>5</sup> Office of the United States Trade Representative [www.ustr.gov](http://www.ustr.gov). Doha Development Agenda Policy Brief – October 2005, p. 4.

- <sup>6</sup> There are currently 32 Members of the WTO that have been designated by the United Nations as a "least developed country":
- <sup>7</sup> This category of exportables includes textiles and apparel, toys, sporting goods, iron and steel products, and engineering products like engines, pumps and other instruments.
- <sup>8</sup> See, for instance, Deardorff (2001) and Hummels, Ishii and Yi (2001).
- <sup>9</sup> Refer to WB (2003), in particular Chapter 2.
- <sup>10</sup> Forty-nine countries are currently designated by the United Nations as the "least developed countries".

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