

Special and differential treatment for developing countries in the Doha Round – a forgotten issue?

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Given the rhetoric and the frequent references to development in the 2001 Doha declaration and the 2004 “July package”, the Doha Round will be very much judged on whether it has delivered on the developmental aspects. The issue of “special and differential treatment” (SDT) is thus at the core of the negotiations but not much seems to have come out of the discussions in concrete terms.

What is currently on the table is a combination of vague good intentions at the general level: development is an ‘integral part of the Doha Ministerial Declaration’, developed countries ‘should’ open their markets to Least Developed countries, and at the specific level, developing countries should be allowed to make smaller reductions in their own tariffs. The general proposals do not meet the developing countries’ demands for enforceable commitments and the specific ones merely extend the type of rule differentiation offered in the last, Uruguay, Round. Equally, however, developing countries have not formulated a new model for SDT.

The discussion now must be different from that in the Uruguay Round for three reasons. Developing countries are now active participants in the Round, and have made it clear that they will not be party to a consensus settlement until they see clear gains. Bilateral initiatives since 1995, by the EU for the Least Developed countries and by the U.S. for Africa, have demonstrated that preferential treatment is valuable, and therefore something to seek and to try to keep. And finally, the commitments inside and outside the WTO to reducing poverty mean that the results of the Round will be judged by different standards.

Designing a ‘developmental’ outcome that helps all developing countries is not straightforward. The effects of a deal in the Round will be different for different countries. The characteristics of individual developing members of the WTO are too diverse. Their interests and priorities vary to a much higher degree than among the “developed members”, a much more homogenous group of countries.

For most developing countries the Doha Round will – if it succeeds – bring increased market access, in both developed and other developing markets. Increased access for all means lower preferences for some. For many countries the gains will exceed any losses, but there remains a small number of countries for whom these gains are too small to compensate for their preference losses.

These countries need non-repayable support from the developed world in order to be able to make the investments in physical and human infrastructure and in productive capacity to permit alternative production. Compensating these countries through a fund would of course be a major new initiative for the WTO and could seem inconsistent with its role as a trade agency. The reason for suggesting it is that the other proposals for dealing with the problem of preference erosion are more unsatisfactory and more difficult. Alternative gains from trade (in

goods) are either too small or (in services) too sensitive. Postponing liberalisation hurts more people in developing countries than it helps.

Previous SDT in the Doha Declaration and existing WTO agreements has often been of a “best endeavours” nature. Such clauses have raised expectations, but have not been enforceable. As a result, they have led to dissatisfaction. It is therefore absolutely necessary that the fund we have proposed is bound such that the commitments by the more developed WTO members will be legally irrevocable.

The development side of the Round must also avoid creating new problems. The preferences which are now an obstacle were the result of past good intentions for development, but good intentions are not enough. We suggest two other requirements for a development Round.

First, any new differentiation for developing countries must be as clearly defined, limited, and enforceable as any other WTO provisions. Where there is a risk that help for some developing countries comes at the cost of discrimination against others, there must be provision for those who lose either to give their consent or to receive appropriate alternative support.

Second, any new general provisions must recognise that most members of the WTO are now developing countries. Rules must be designed in a way that does not require new special treatment as this would now apply to a majority of members.

The Doha Round will not be successfully concluded unless the question of special and differential treatment is confronted and addressed in a way which gives some security for the countries which have benefited from it in the past and which creates a legally and developmentally sound system for the future.

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