

Development package at the WTO?

What do developing countries want from the Doha round?

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Acronyms

ACP	African, Caribbean and Pacific countries
AfT	Aid for Trade
AGOA	African Growth and Opportunity Act (USA)
DFID	UK Department for International Development
DFQF	Duty Free Quota Free
DG	Directorate General
EBA	Everything But Arms
EC	European Commission
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
G20	Group of 20 Developing Nations
G33	Group of 33 Forum for Developing Countries
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
LDCs	Least Developed Countries
LTFR	Less Than Full Reciprocity
MFN	Most Favoured Nation
NAMA	Non-Agriculture Market Access
NAMA 11	Non-Agriculture Market Access negotiating group
NGO	Non Governmental Organisation
NTB	Non Tariff Barriers
RAM	Recently Added Member
RoO	Rules of Origin
SACU	Southern Africa Customs Union
SDT	Special and Differential Treatment
SP	Special Product
SVE	Small and Vulnerable Economy
TBT	Technical Barriers to Trade
TRIMs	Trade Related Investment Measures
TRIPs	Trade Related Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
US	United States
WTO	World Trade Organization

Defining a minimum acceptable package to promote development

The idea of what a minimum level for a 'development package' implies has been evolving throughout the Doha round, following the interaction between the different negotiating positions. Almost every country has today a definition of its own specific interests in the trading system. The old model of developing countries led by a few major countries or outside advisers no longer holds. As the latest 'final negotiations' begin, this paper aims to summarise which of the issues still under negotiation are priorities for different developing countries. From the beginning of the negotiations, it has been clear that (as it was in the Uruguay Round) different developing countries have different priorities, and in some cases that the aims are directly opposed. Some groups have emerged which normally work together and present a common position. This paper therefore aims to summarise the interests of different developing country groups in each of the most important negotiating issues at this stage of the negotiations. This is a complex and imperfect exercise, but it provides a snapshot of the current constraints to the completion of a round which would need to be overcome in order to meet the interests of the various developing country groups.

This paper is based on a review of secondary sources (e.g. Ismail, 2007; G90+, 2007; UNCTAD, 2007) as well as on interviews with people in developing country missions in Geneva and in the WTO, UNCTAD, and Geneva NGOs. We believe that these groups provide an adequate representation of the spectrum of the current development views in the WTO. There are significant areas of agreement among the groups in terms of positions, slightly less overlap in priorities, and some clear conflicts. Table 1 summarises the principal interests of the major groups, with a rough indication of the level of priority for each group (the higher the number of Xs, the higher the priority). Clearly this does not capture nuances of views or differences within groups; the discussion of individual negotiating issues, below, attempts to give more information on this. However, it is indicative of the differing areas of interests of the main developing countries' groups and provides an easy to read snapshot of where they are likely to spend their negotiating capital.

The broad divisions among developing countries

Unlike the other groups, the **LDCs** are a legally recognised group with special status within the WTO. They are specifically exempted from making any concessions on goods, and this has been *de facto* extended to services, with other countries discouraged from making requests to them. Although no request to LDCs has been formally withdrawn thus far (as this will have to wait for the completion of plurilateral negotiations), for all practical purposes the remaining requests can be ignored.¹ Their priority interests are therefore mainly in special areas, rather than general access, and in non-trade issues, such as aid for trade, rather than general protection of their own markets.

¹ Several developed countries, including the EC, urged others not to make requests to the LDCs after Hong Kong.

Table 1: Development Issues and Principal Developing Country Groups

	LDCs	SVEs	G33	G20	NAMA11	Liberal	United?
DFQF	xxx	xxx	xxx	xx	x	x	y
Other SDT	x	x	x	--	--	--	y
Cotton	xxx	xxx	xxx	xxx	x	x	y
Agricultural Subsidies	xx	xx	x	xxx	x	x	y
Agricultural Access	x	--	--	xxx	x	xx	--
SPs	xx	x	xxx	--	--	--	--
Special Safeguard Mechanism	xxx	xxx	xxx	--	--	--	y
Food Aid	xx	xx	xx	--	--	--	y
NAMA Access	--	--	--	x	xx	xx	--
NAMA Tariffs	--	x	xx	--	--	--	--
Erosion of Preferences	xxx	xxx	xx	--	--	--	--
Services	xx	--	--	x	x	x	y
SPS / TBT	xx	xx	xx	x	--	--	y
Trade Facilitation	--	--	--	--	--	--	y
AfT	xx	xx	x	--	--	--	y
Anti Dumping	x	x	x	xx	xx	xx	y
Regions	--	--	--	x	x	x	--
Commodities	--	--	x	--	--	--	--
Bio Diversity	--	--	--	x	--	--	--

Source: Authors' elaboration based on interviews and secondary sources (see text). Groups are explained in text

xxx The group considers the issue a priority;

xx The group considers it important;

x The group supports it;

-- Means that the group either are not interested or oppose the proposal.

United Y means (almost) all developing countries support or at least do not oppose.

The **SVEs**² have acquitted a limited special status, through the mentions in the modalities, but except for these special concessions, they are treated as developing countries. Together with the LDCs, they include most of the major recipients of preferences, so in both lack of general requests in goods and interest in preference erosion their interests are aligned with the LDCs.

The **G33**³ include both developing and LDC countries, but tend to be more important for the non-LDC members as they take a defensive position on liberalisation in all areas (LDCs have already secured these exemptions). These groups are largely based on common characteristics (poor or small, for example).

The **G20** and **NAMA 11** are different in that they have come together specifically because they share a common position in a particular negotiation, and therefore they tend to have clearer positions, and therefore also clearer ideas on what the potential trade-offs might be. The G20 includes the major developing countries which are exporters of agricultural products.⁴ This implies that the main development content of the negotiations according to the G20 is related to an ambitious outcome of the agricultural negotiations. NAMA 11⁵ in contrast is designed more to limit the access which developing countries have to offer for non-manufactures; there is some overlapping membership.

It is important to remember that some developing countries, here called the Liberals, especially in Latin America and Asia, while not forming any negotiating group, have liberalised their own economies and tend to oppose or want to limit any special exemptions or protection in all sectors, by all other groups, developed and developing. There are other groups that work together and have joint positions, such as the Africa Group and the ACP, but their members tend to negotiate more as members of the LDCs, G33, or SVEs, so the groups included in table 1 cover most developing country interests. Some RAMs (Recently Acceded Members) can expect to have reduced commitments, but except China, most are now either specified by name or in other groups. It is notable that the RAMs have made very extensive commitments in services, more liberal than their older WTO member peers.

² The countries which meet the definition in the modalities and which are not LDCs are Albania, Antigua and Barbuda, Armenia, Barbados, Belize, Bolivia, Botswana, Cameroon, Cuba, Dominica, Dominican Rep., Ecuador, El Salvador, Fiji, FYR Macedonia, Gabon, Georgia, Ghana, Grenada, Guatemala, Guyana, Honduras, Jamaica, Jordan, Kenya, Kyrgyzstan, Macao, China, Mauritius, Moldova, Mongolia, Namibia, Nicaragua, Panama, Papua New Guinea, Paraguay, St Kitts and Nevis, St Lucia, Saint Vincent and the Grenadines, Sri Lanka, Suriname, Swaziland, Trinidad and Tobago, Uruguay, Zimbabwe.

³ There are currently forty-two members of the G-33: Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Republic of Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, and Zimbabwe.

⁴ The member countries of G20 include: 5 from Africa (Egypt, Nigeria, South Africa, Tanzania and Zimbabwe), 6 from Asia (China, India, Indonesia, Pakistan, Philippines and Thailand) and 8 from Latin America (Argentina, Bolivia, Brazil, Chile, Cuba, Mexico, Paraguay and Venezuela).

⁵ The members of the NAMA-11 are Argentina, Brazil, Egypt, India, Indonesia, Namibia, the Philippines, South Africa, Tunisia, and Venezuela.

Negotiating interests directly identified as ‘developmental’

Duty Free Quota Free

LDCs see this as their major interest in the Round. It is still necessary to settle how the provision in the Hong Kong Declaration for 97% access on the completion of the Round and the remaining 3% in the future is implemented. LDCs want the 97% access immediately, and this has become an increasingly important issue as the Round has taken longer than expected and may not be completed in the next year. All developed countries except the US have accepted this. LDCs want to ensure that the 3% exclusions do not exclude major sectors (especially in textiles and clothing), as their exports tend to be concentrated in a few product lines and are only temporary. What is excluded is a matter of contention with other non-LDC developing countries, such as Pakistan and Sri Lanka, which are exporters in the same product categories as some LDCs, in particular Bangladesh. Negotiations are trying to find a way of minimising the damage to these countries. The US special provision for African countries, AGOA, already gives African LDCs substantial access. The Hong Kong provision also provided for access to developing countries in a position to offer access, usually interpreted as China, India, Brazil and South Africa. All have made some proposals, and this is not a major issue between them and the LDCs, but the US and EU continue to cite poor access into these countries when pressed to improve the access which they offer.

There is a further issue with DFQF related to the EPA negotiations, which some missions fear that may represent a precedent that could be used by other developed and developing countries to ask for something in exchange for DFQF (as the ACP had been persuaded to offer access to European exports in exchange for preserving its access to the EU market). Appendix 2 provides examples of other possible spillovers of EPAs on to WTO negotiations.

In a major innovation for the WTO, the Hong Kong declaration included a requirement that rules of origin for DFQF should be ‘transparent and simple’. Complicated RoO substantially reduce the benefits of DFQF access. LDCs are in general satisfied with the rules of the US and Canada, but complain about those of the EU. There is no real pressure for harmonisation of rules: this would be desirable, in the long run, but not as important as simplicity and transparency.

The negotiations on the details of what is in the 3% and the Rules of Origin are taking place mainly in bilateral talks between individual LDCs and individual developed countries.

Some LDCs want to go further, and make provision for all preferences to be bound (since they have been allowed in the WTO, preferences, other than DFQF, have been entirely at the discretion of each developed country). This was an objective of others at the beginning of the Round, but is not being discussed at present.

Other Special and Differential Treatment

The Hong Kong declaration offered LDCs more time to comply with the rules on TRIMS (investment), and their exemption from TRIPS rules had been extended at Doha. Most LDCs would still want even more time, but do not see extending the time now as a priority; this can wait until the deadlines (2020 and 2016) are approaching. The possible exemption of LDCs from rules on State Trade Enterprises and export credits was mentioned. As mentioned above, there are 7 other issues still on the table, but as no one knows what six of them are, we assume they are low priority. The one still being pressed (notably by African non-LDCs) is clarification of how to use the provisions of GATT Article XVIII (infant industry protection).

Cotton

This is an issue that has acquired a value beyond its pure economic effects. Cotton has become a symbol of the distortions that developed countries impose on the trading system and that penalise very poor countries. It is now treated as a priority not only by the Cotton-4, the four African cotton producing countries which first raised the issue in 2003, but also by the other 32 African cotton producing countries and by all developing countries (an Asian country referred to it as 'a question of justice'). It is primarily an issue against the US (as the EU is removing its subsidies on cotton), but the US is still trying to resolve the issue by offering additional aid. This is not in line with the cotton-specific reduction formula proposed by the Cotton-4 and reflected in the draft modalities on agriculture. The formula ensures that the reduction of trade-distorting support on cotton is always above the general aggregate measurement of support reduction.⁶ The implementation period of reduction commitments on cotton would be quicker than the general implementation period (i.e. by two thirds) and the blue box cap on cotton would be smaller than the product-specific cap (i.e. by two thirds).

The central negotiations

Agricultural subsidies by developed countries

A demand for reduction in domestic support to agriculture (especially by the US) is the basis of the G20. They would probably be satisfied with the current proposals, but are still pressing for lower limits. Other developing countries support this; the costs to food importing countries are no longer an issue in the negotiations.

Access for agriculture to developed country markets

Some developing countries are still pressing for better modalities on this, including India for sugar, but it is less of an issue than subsidies. The proposals for agriculture would allow all countries, including developed, to offer lower access commitments on some 'sensitive products'. How many, and how to choose them, are still at issue, and these were major issues a couple of years ago, and some G20 mentioned them as a current priority. As the EU, in particular, has proposed including some goods on which it offers preferences, this issue is potentially one where there are different developing country interests, but this is less important than two years ago, because of the progress on other means to deal with preference erosion.

⁶ To illustrate with an example, if the general reduction of the aggregate measurement of support reduction is 70 per cent, the reduction on cotton would be 84 per cent.

Special Products

This was identified as an area of particular conflict among developing countries. The G33 want to be able to designate an 'adequate' percentage of SPs, ideally around 5-10% of the product lines in agriculture to be chosen by each country autonomously.⁷ SVEs also want flexibility in identifying the products, in line with the G33 proposal. In contrast the G20 want to restrict the percentage and clarify the criteria. Partly because of the restrictions in developed country markets, other developing countries are a major market for many of the most important G20 exporters: Argentina claims that 70% of its agricultural exports go to other developing countries.

Special Safeguard Mechanism

There are proposals, including by the G20, to reform the current special safeguard mechanism in agriculture, because they argue that the EU has overused it. They accept the need for some mechanism, but want to tie it to the amount of liberalisation a country has offered, and restrict it to a small percentage of imports. The LDCs oppose this, because they are not required to liberalise, so this would prevent them from using it. The SVEs and G33 also want a revised proposal, and the G33 in particular want to avoid any new restrictions, with India taking a particularly strong position.

Food Aid

Some LDCs are concerned that the restrictions proposed on food aid will go too far and damage them in real emergencies. In particular some want provision for monetisation to be permitted in certain circumstances, for example where it is needed in one part of a large land-locked country and they want the country affected, as well as the UN to make the decision to declare an emergency. This was mentioned as a priority by LDC representatives.

Access for non-agricultural products to developed country markets

Except for the question of a sufficient difference between the 'coefficients' (the figures determining the percentage cuts in tariffs) for developed and for developing countries, this was not mentioned as a major issue, although NAMA-11 calls for "a comparatively high level of ambitions" between agriculture and NAMA.

Developing country tariffs on NAMA

For LDCs, the exemption from any reduction in tariffs means that this is not an issue for them, with some exceptions for members of customs unions, for example Lesotho, which has had to cut tariffs as part of the Southern African Custom Union (SACU). Kenya would like to be treated as an LDC so that it receives the same treatment as the LDC members of the East African Community. SVEs are also now satisfied with what has been offered to them.

The main opponents of current proposals are the NAMA 11. In particular, the group proposes to extend the commitment in the Hong Kong declaration to "a comparatively high level of ambitions" between agriculture and NAMA into a principle of "double proportionality", i.e. equal ambition to agriculture plus "less than full reciprocity" (LTFR) in tariff cuts. NAMA-11 interprets the LTFR principle as requiring them to be subject to *lesser percentage reduction* in bound tariffs than developed countries. Developed countries argue that the fact that the proposed coefficients mean that developing countries will be able to maintain *higher rates after the reduction* is sufficient to give 'less than full reciprocity'. NAMA 11 are proposing a larger difference between the two coefficients for tariff cuts than in the current modalities: that it be no less than 25. Several respondents, both in NAMA 11 and in

⁷ India has proposed even 20% of product lines in agriculture to be considered as SPs.

international organisations, implied that the NAMA 11 might be willing to compromise on this if there was a better settlement on agriculture.

Whatever the overall coefficient, developing countries will be able to have lower tariff cuts in some goods ('flexibilities'), but there is still discussion of how much flexibility, for how many goods, and whether they will be able to choose which goods. The EU and US want to limit their ability to exclude all of a sector, while developing countries, especially the NAMA 11, oppose this.

Other issues important to some developing countries

Preference erosion

This was a major interest for the LDCs and SVEs (and ACP), and a major area of disagreement with the G20, but it is now moving towards solution. No countries now expect to be able to prevent preference erosion. It has been agreed that liberalisation will be postponed for some goods, to allow time for preference-receivers to adjust; the issues remaining are how many goods, which goods, and for how long. The ACP drew up a list of those goods on which they want protection. The G20 expect to be able to agree a settlement, but some smaller non-preferred countries want a short period, and there may be disagreement between the LDCs and the SVEs, as the LDCs are now starting to argue that they need more time than other developing countries to adjust. There is also opposition from exporters of tropical products, who wanted faster than normal, not slower than normal, reductions in protection.

Services

For some LDCs, securing additional access under Mode 4 is a priority on a level with ensuring good implementation of DFQF for goods. LDCs put forward a proposal which aims to improve their market access to developed countries. The proposal include an extension of the coverage of mode 4 imports to semi-skilled services providers, and the establishment of a new legal provision in GATS which would allow developed countries to grant preferential treatment to LDCs. The proposal of LDCs is expected to be opposed by other developing countries, who see their comparative advantage being eroded by this special treatment. LDCs also see a need for technical assistance in this area. Other developing countries would also like more Mode 4 access. As LDCs have in practice opened on more services than they have made commitments on, they could bargain for additional access, in spite of being treated as exempt from making offers in the plurilateral negotiations.

Non-Tariff Barriers, especially Sanitary and Phyto-Sanitary Barriers and Technical Barriers to trade

All groups of developing countries mention the obstacle posed by non tariff barriers (NTBs) in NAMA and agriculture. These are principally SPS and TBTs, with both the difficulty of meeting some standards and the fact that they are changed at short notice causing problems. There is a fear among LDCs that countries will impose new barriers to prevent them from benefiting from DFQF, and support for asking for a link to technical assistance. In general developing countries find it difficult to identify NTBs affecting their exports. NAMA-11 proposes to establish an independent expert arbitration mechanism for all non agriculture sectors focused on problem-solving as this is thought to be more efficient than a formal dispute settlement mechanism. There have also been vertical proposals seeking to address NTBs concerning labelling requirements, customs control, conformity assessment, importer

registration, or international standards.⁸ The NAMA draft modalities suggest the completion of the NTB negotiations before the submission of the draft schedules.

Trade Facilitation

This is often regarded as a developed country issue, but it was mentioned by one LDC representative as in the top four priorities (with DFQF, services, and food security), and by one of the more 'liberal' developing countries as a priority for an early settlement. Developing countries secured, in principle, the right to make compliance with some new trade facilitation rules subject to receiving sufficient aid, and there are current discussions on how to implement this. Some developed countries still oppose any explicit linking, but the WTO is conducting assessments in developing countries to determine what is likely to be needed, so that it is likely to be possible to find a compromise on this. LDCs would be satisfied with some delays in being required to comply plus technical assistance.

Aid for Trade

LDCs consider the strengthening of trade-related technical assistance, especially via the aid for trade initiative, a priority. This is both to meet their costs in implementing WTO agreements and to help them to acquire the capacity to use DFQF. Since this was first discussed in the WTO, in the months immediately before Hong Kong, there have been two opposing views among developing countries: that aid should be completely separate from trade negotiations, because of the risk that it would be offered to force concessions, and that it should be linked (as it was in trade facilitation) to negotiations because this both offered protection against heavy implementation costs and gave the opportunity to use negotiating strength to secure aid. This division remains, but is less tense as it becomes less likely that there will be an agreement, and some countries are now saying that they want something specific on Aid for Trade before they sign an agreement.

Rules on Anti-Dumping

These were mentioned by both LDCs and others, as a priority. The G20 and NAMA 11 are particularly interested in eliminating 'zeroing' in anti-dumping calculations. This is a position shared by everyone except the US.

Rules on regions

This was mentioned as an issue both by representatives of the G20 and by ACP countries involved in EPAs (Economic Partnership Agreements with the EU). The lack of clear regulations on regions is criticised both for the damage regions may do to the system and to other countries and for the potential effects on countries forced into developed-developing country regions. There was also a more diffuse support for clarifying all rules as being good for developing countries.

Special arrangements for commodities

This remains a proposal by the G33 and in the SDT proposals. SVEs call for allowing commodity producing countries to form coalitions for the management of supplies and stabilisation of prices without consultation with commodity consuming countries.

Biodiversity Convention

The appropriate relationship between biodiversity rules and the WTO, and the role of TRIPS and genetic organisms, are still issues for some Latin American countries (both among the larger and the smaller), but like other second-rank issues, they are not treated as priorities as long as there are major differences on agriculture.

⁸ The sectors involved in such proposals include in electrical, automotive textiles, footwear and woods products.

Other issues

Geographical indications were mentioned only as part of a potential deal between the US and EU (if the EU accepts the continued use of zeroing in Anti-Dumping, the US might accept geographical indications), but not as a developing country issue. Both one LDC and the NAMA 11 have suggested the establishment of an independent expert arbitration mechanism to replace the dispute mechanism in some cases.

Conclusions

The discussion above confirms that there is not a simple answer to 'what is a development package in the Doha round'. Partly because of what has been achieved already on SDT, and partly because of the growing identification of specific interests by different countries, the general SDT proposals are no longer seen as a priority by any group, with the single exception of duty free quota free access for LDCs. Subsidies to agriculture, especially to cotton, probably unite developing countries in opposition. Other interests that are now seen as essential are more diffuse, but certainly include some aspects of services and rules, as well as the traditional areas of agriculture and NAMA. The insistence that agriculture be settled before other compromises are made means that it is still uncertain what might be acceptable in other areas, and hence reduces the likelihood of an early settlement on development issues, but the outlines of an agreement are probably emerging. Compromises and inter-group negotiations now suggest that it is possible to envisage an outcome that satisfies all developing countries, even if it involves some disappointments for all of them. With the issues now often matters of detail, bilateral discussions are becoming more important, and seem to be happening, and there are signs of tradeoffs.

What is still not clear is either that all developing countries want to make the necessary compromises or that developed countries would be willing to accept the minimum requirements of developing countries. There have been repeated proposals, from a range of countries, for an 'early harvest', to make an agreement on those areas that are effectively settled, such as trade facilitation, the LDC issues from the Hong Kong declaration, perhaps some other rules not even mentioned as issues here. But the major developing countries (and some developed) strongly oppose this, citing the need to preserve 'negotiating capital' in all areas. While these countries may be able to discourage a settlement, they could not bring one about. The discussion of interests here confirms that there are no leading countries among the developing countries who can speak for all.

Appendix 1

Summary of countries and organisations for whom representatives were interviewed

LDCs	5
SVEs	3
G33	5
G20	3
NAMA 11	2
Liberals	1
Developed countries	1
WTO officials	4
Other organisations in Geneva	3

Whilst we think this briefing covers the main issues they mentioned adequately, it should be mentioned that negotiations and any eventual outcome on the development dimension at the WTO would be determined by a larger number of developing and developed countries.

Appendix 2

Selected possible precedents from the EPA settlements

DFQF

Several missions, both ACP and major developing country, feared or threatened that the fact that the ACP had been persuaded to offer access to European exports in exchange for preserving its access to the EU market could be used by other developed and developing countries to ask for something in exchange for DFQF.

The EU appears to have liberalised its rules of origin in EPAs, compared to either Cotonou or EBA, in particular in allowing single transformation on textiles (clothes made from imported fabric, for example, will qualify). This is regarded as a useful precedent to demand better rules under DFQF.

Aid for trade

The EU originally took the position that aid should not be in EPAs, because it was already provided for in the EDF, and was not conditional on signing EPAs. ACP countries originally argued that there was a risk that aid would become conditional on EPAs, but in the end insisted that there be explicit provision for aid in the interim agreements signed in December 2007. In EPAs, therefore, the 'leverage' supporters defeated the 'no conditionality' position.

Appendix 3 Summary history of the Doha negotiations

The launch of the Doha Round in 2001 followed the failure to launch a Round at Seattle in 1999. Developing countries had been among those who opposed the Seattle initiative, and they were able to influence the agenda at Doha, both by including some of their concerns, such as reform of the provisions for medicines in developing countries under TRIPs and Special and Differential Treatment, and by opposing the formal inclusion of the new 'Singapore' issues. Although the Round was designated as a 'Development Round' by developed country delegates and the WTO, many developing countries hoped that it would redress what they saw as the disappointing outcome of the Uruguay Round. They also expected that they would continue to have an active role in this Round, building on their experience in the Uruguay Round (the successful dismantling of the controls on textiles and clothing, for example) and in the preparations for Doha. In this paper, 'development interests' are the interests as stated or supported by developing countries, not (as in some DFID and DG Trade statements) what developed countries think is good for developing countries. This includes the ability to participate actively and influence the outcome.

There is evidence that developing countries have substantially increased the ability to participate effectively since the inception of the Doha round, although there are still major constraints for developing countries such as lack of staff to deal with technical issues or lack of a mission in Geneva. Not only were developing countries able to block the negotiations when the proposals on the table were not deemed satisfactory (e.g. Cancun), but also the number of proposals put forward by developing countries has increased over the last few years with the number of developing country concerns incorporated into the draft modalities text having increased further. These include, among others, the proposal on the reduction of cotton subsidies, the TRIPs proposal (of August 2003), the LDC annex to Hong Kong, the trade facilitation provision for assistance or no compliance, the G20 proposal on agriculture, which constitutes the bulk of the proposal contained in the draft modalities text on agriculture currently discussed. Obviously, there are still problems in the ability of developing countries to effectively engage in all areas of the negotiations. This is especially true for small countries with little negotiating capacity. This does not seem to be a problem in the main negotiating areas, such as agriculture and NAMA, where developing countries have created large enough coalitions (e.g. G20, G33, G90, NAMA-11) able to effectively negotiate even on behalf of small and poor countries. However, our evidence indicates that in more technical areas, where the different interests of developing countries are not well understood, such as rules, lack of capacity may represent an important constraint to their ability to participate actively into the negotiations.

Since then, all the deadlines for the development components of the Doha Declaration have been missed, but, of course, so have all the other deadlines for the Round. There have been four agreements which could be considered developing country achievements: the extension of the exemption from TRIPs (originally only covering production and sale in the same country) to allow countries without pharmaceutical companies to import medicines for serious medical needs from other countries (August 2003), the linking of new obligations explicitly to the provision of technical assistance in the proposals for trade facilitation (July 2004), the General Council's adoption of special modalities for LDCs in services (by the Special Session of the Council for Trade in Services in September 2003), and the provisional agreement on five SDT provisions for LDCs in the Hong Kong Declaration

(December 2005). All these were in specifically 'development' issues.⁹ Developing countries also have both defensive (import-related) and offensive (export-promoting) interests in the negotiations on agriculture, non-agricultural goods (NAMA), and services and in the negotiations on rules. These are still in negotiation.

In the months immediately before Hong Kong, there was an attempt by the EU to define 'development' in the Round entirely in terms of the interests of the LDCs. In particular, it supported the request for Duty Free Quota Free access to all developed countries, which was cost-less to it (because of the Everything But Arms scheme) and strongly opposed by the US, and the idea of linking aid to the costs of implementation. Other developed countries feared that this would mean downgrading of their interests in increased market access, notably in agriculture. Hong Kong succeeded in temporarily reconciling both groups by offering five concessions to LDCs and keeping up pressure on the EU and US to liberalise in agriculture. The Declaration secured a commitment to a delayed, but fixed elimination of export subsidies (2013) and to equal ambition in the eventual settlements on agriculture and NAMA. The concessions to LDCs included proposal 36 on duty free quota free market access for LDCs, proposal 38 on flexibility on commitments by LDCs, proposal 84 on temporary deviations from TRIMs agreements for LDCs, proposal 88 on aid for trade; and proposal 23 on the expeditious response to requests of waiver by LDCs.¹⁰ The most important element of Annex F on treatment of the LDCs was the agreement that developed countries (and 'those developing countries in a position to do so') should offer DFQF (Duty Free Quota Free) on at least 97% of product lines for goods originating from LDCs with 'transparent and simple' rules of origin (the first time rules of origin on non-MFN access have been included in a WTO agreement). But this percentage could allow a country to exclude most goods which some LDCs wanted to export because their exports tend to be concentrated on a few commodities. For example, Bangladesh calculated that US could exclude all the goods on which it currently pays MFN duties to Bangladesh. The ministerial text had only a vague commitment to raise this eventually to 100%.

Neither group was completely satisfied (the LDCs explicitly reserved their position on DFQF), and the negotiations since have tried to turn partial commitments into clear and useful obligations.

On SDT, there are formal negotiations on setting a timeline for moving from 97% to 100% and on the rules of origin and intensive bilateral discussions on both the timing of implementing the 97% (the US, unlike other developed countries, refuses to do this before the end of the Round) and what is to be excluded. There are still a number of agreement-specific proposals on the table, and of these, the text of 8 are still being considered.¹¹ However, consultations have indicated that there is a dip in interest around them, even as far as LDCs are concerned.¹²

⁹ Various studies have analysed the development potential of the 88 SDT proposals, which aimed to operationalise the idea that developing countries need more flexible and preferential trading rules to compete effectively (see Melamed, 2003 and Page et al., 2005).

¹⁰ See Page et al., 2005 for an analysis of the potential economic effects of these proposals.

¹¹ SDT proposal number 13, 14, 22, 24-25, and 28-30. These proposals are those left unmet after 28 proposals have been agreed pre-Cancun, 5 have been agreed at Hong Kong and others either have become outdated or have been merged together.

¹² It is telling that neither LDC nor WTO officials whom we interviewed could recall what the outstanding proposals are.

Agriculture is the area which has probably registered the most significant advancement in the negotiations since Hong Kong. This is due to recently revised draft modalities which were based on the proposals of the major developing agricultural exporters (the G20) for access and which also secure the defensive interests for most LDCs and ACP countries (WTO, 2007). In particular, for a newly defined group of small and vulnerable economies (SVEs), the modalities would limit the average tariff reduction to 24% on current bound tariffs.¹³ This reduction would allow those countries to leave their current tariffs on imports virtually untouched. Developed countries, however, do not accept them. On domestic support, they provide for the overall trade distorting domestic support reduction of 66 to 73 per cent for countries including the US, which would reduce its support to \$13–16 billion. Although new calculations by Brazil suggest that US estimated spending was only \$11 billion in 2006, the US continues to oppose this limit. There is no agreement on the number of products that developing countries would be able to exclude as 'special products' or whether there would be criteria for the choice of special products, on the form of a new special safeguard mechanism, or on the number of sensitive products that developed countries could exclude.

Developing country groups have not been as satisfied with the proposed NAMA modalities, although some of the formal opposition may be overstated in order to keep pressure up in the agricultural negotiations. They argue for a lower coefficient (so a lower maximum tariff and higher required cut) for developed countries and a higher one for developing. On market access, developed countries including the European Union were called upon to cut high tariffs by 66 to 73 per cent. Developing countries were proposed to cut their tariffs on industrial products to below 19 to 23 per cent.

Tropical products, tariff escalation, and the possibility of special treatment of commodities all remain in dispute. Since 2004, it has been agreed that cotton would be treated within the agriculture agreement, but with a settlement that is specific to it, and more expeditious and more ambitious than the general settlement. The details of this are still not agreed.

On services, there has been some progress in specific sectors, although three countries (Cuba, Venezuela and Bolivia) remain opposed to any move away from pure bilateral negotiations. The principal negotiations have been among groups of countries, preparing offers and requests that all can meet, and would be willing to extend to others.

¹³ For the purpose of the agreement, the modalities define SVEs as those "members with economies that, in the period 1999 to 2004, had an average share of (a) world merchandise trade of no more than 0.16 per cent or less, and (b) world trade in non-agricultural products of no more than 0.1 per cent and (c) world trade in agricultural products of no more than 0.4 per cent." (WTO, 2007, p. 22).

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