

Empty promises

What happened to 'development' in the WTO's Doha Round?

The Doha Development Round was meant to rebalance decades of unfair rules in agriculture and address the needs of developing countries. Instead, the negotiations have betrayed this promise. The trade Round has become a market access negotiation, in which developing countries are expected to give disproportionately more and will receive little but stale promises of the general benefits of liberalization. The economic crisis presents an imperative, and an opportunity, for real reform.

Summary

Multilateralism is central to the global effort to overcome poverty and inequality. All countries stand to benefit from the stability and confidence that a rules-based global trade system can provide. Developing countries stand to benefit most, as they lack the economic and political power to pursue their demands outside such a system.

The World Trade Organisation's Doha Round was launched shortly after the 11 September 2001 terrorist attacks in the USA and responded, in part, to recognition of the need to reform policies that had led to economic and social exclusion. WTO members agreed on the Doha Development Agenda (DDA) to guide negotiations and to boost global trade with a development focus.

A lot has changed in the world economy since then. We are in the midst of a global economic crisis unparalleled in our time. The financial crisis has exposed the dangers of unfettered liberalisation and has brought down large multinationals in a global chain-reaction whose aftershocks have wreaked havoc on many developing countries, which are less able to cope with the crisis. The food crisis, with its skyrocketing prices, failed to bring benefits to poor country producers and instead provoked severe shortages in many areas. The threats of climate change are already becoming a reality in many parts of the world, particularly the poorest, which are the least responsible for causing it and the least equipped to deal with it.

With such strong and growing imperatives to strengthen the multilateral trade system, why have eight years passed without any agreement in sight?

The seeds of this impasse were sown in the early days of negotiations and have been nurtured over the trajectory of the Doha Round. From the start, there was a clash between developed and developing country interests over whether the focus should be on market access or development. Developed countries wanted a market access Round focused on specific sectors that would give greater access to developing country markets, while developing countries insisted that, with a heavy implementation burden from the Uruguay Round, they would only respond to a Round that centred on development.

Doha mandated a development Round, and developing countries expect rich country promises to be fulfilled. This means rebalancing decades of unfair rules in agriculture and righting the wrongs of previous trade Rounds by making 'special and differential treatment' effective in all areas of negotiation. It means substantial reform of rich country agriculture policies to end trade-distorting subsidies and dumping, as well as sufficient policy space for developing countries to protect vulnerable farmers and to promote new manufacturing and service industries, together with more effective access to rich country markets for their farmers and industries.

Eight years on, however, and developed countries have won the day. The Doha Round has become a market access Round, with each area of negotiation – from agriculture to non-agricultural market access, services, intellectual property, and others – crafted around developed country interests. The negotiating process itself has become more exclusive, as smaller deliberative sessions that are undemocratic in nature and mostly dominated by developed countries have become the *modus operandi*.

At the same time, developed countries have dedicated more effort to negotiating bilateral and regional free trade agreements with developing countries, which place severe restrictions on the very policies that developing countries need to fight poverty and inequality. These agreements include rules that far exceed what could be negotiated at the WTO and which ultimately undermine the multilateral trade system.

On its current track, Doha has betrayed its development promise. Initial promises to end trade-distorting agricultural subsidies have been relegated to the periphery, with carefully drafted proposals designed to retain the status quo and even, in some cases, to allow for it to be strengthened. The latest negotiating drafts allow rich countries to take advantage of loopholes through 'box shifting' and to retain their current spending levels. At the same time, special and differential treatment has been turned on its head, with rich countries enjoying the flexibilities they want while denying developing countries adequate safeguards to protect themselves against dumping and import surges. The ability of developing countries to shield products from tariff

reductions on the basis of food security and rural livelihoods has been weakened.

In negotiations on industrial products, the commitment to provide 'less than full reciprocity' to developing countries has been reversed. Negotiating texts have demanded that developing countries make steep tariff cuts, including in applied rates, and in some cases totally eliminate tariffs. Yet at the same time developed countries have been rushing to bail out their strategic industrial sectors through subsidies contained in economic stimulus packages that strengthen their own market advantage.

In an overall assessment, Oxfam gives the Round a failing mark on its 'Development Scorecard', which rates selected key areas in the negotiations according to how the most recent proposals on the table deliver on the development mandate of the DDA.

In the midst of a global economic crisis, such a conclusion to what began eight years ago as a development Round is untenable. Now is the time to re-think the course of negotiations. A crisis that has rocked the global economy and its financial architecture unlike anything since the General Agreement on Tariffs and Trade was established over 60 years ago – a crisis which began in rich countries but is taking its worst toll on developing countries – should be the impetus for a change in course. Now is the time for WTO members to recognise that the current crisis provides an opportunity to address urgent development needs and to change the course of negotiations, much as they did nearly eight years ago in Doha.

In order to put Doha back on the 'development' track, Oxfam recommends that WTO members undertake actions to:

- Improve the process of negotiations to make them more transparent and inclusive;
- Ensure special and differential treatment for developing countries, through less than fully reciprocal commitments, greater effective flexibilities, and adequate policy space to promote development of agriculture, manufacturing, and services industries;
- Promote development by enabling the realisation of rights, such as the right to food, ensuring that trade rules respond to the needs of the most vulnerable people first and foremost;
- Carry out a development audit to assess proposals on the negotiating table in relation to Doha mandates, in order to allow members to differentiate among proposals according to their impact on development, thereby charting the way forward for an outcome; and
- Strengthen the WTO as an institution, to build greater confidence in its ability to achieve fairer trade rules for developing countries.

At this time of desperate need for a change in course, the Doha Round has to step up to deliver on its development promise. There is little credit left for another failure.

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