

# WTO and the Multilateral Trade System: The Fate of Doha, the Agenda for the Bali Ministerial and Beyond

A Presentation by

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# 7 Assurances to Developing Countries at Doha

- Developing Countries initially sceptical about starting a new Round. 7 major assurances given and built into the Doha Ministerial Declaration (DMD)
- (1) Developed Countries assured that the needs and interests of the Developing Countries will be placed at the heart of the Doha Work Programme (para 2 of the DMD)
- (2) Negotiations on all outstanding Implementation Issues would be an integral part of the DWP (para 12 of DMD)

# 7 Assurances to Developing Countries at Doha (contd.)

- (3) A clear mandate for implementation of Article 20 of the Agreement on Agriculture for further liberalisation of Agriculture trade
- (4) “Less than full reciprocity” principle incorporated in NAMA
- (5) Implementation of Article XIX of GATS for further liberalisation of Services
- (6) A commitment to the objective of Duty Free Quota Free market access for LDCs

## 7 Assurances to Developing Countries at Doha (contd.)

- Postponement of decision on commencement on negotiations on Singapore Issues to the Fifth Ministerial

# Progress report on Assurances

- Only assurance about Singapore Issues fulfilled- Apart from Trade Facilitation, negotiations on other 3 Issues to take place only after conclusion of Doha Round
- Partial fulfilment of DFQF for LDCs- US major defaulter

# Some reasons for the impasse

- Global Economic Crisis and high rates of unemployment in Developed Countries leading to their loss of ability to offer concessions
- Unreasonable demands made on so called “emerging countries” like China, India, Brazil to make concessions mainly for the benefit of Developed Countries

## Some reasons for the impasse (contd.)

- Increased awareness among Developing Countries of the implications of accepting binding commitments
- Developing Country coalitions like G33, NAMA 11, SVEs, LDCs etc. have helped in collectively resisting unreasonable demands

# Counter Arguments of Developed Countries

- There is not enough on the table
- The world has changed- the mandate needs to be “rebalanced”
- Developed Countries have liberalised hugely since 1948 and the “emerging countries” have benefited from it. It is now their turn to pay back



# Some facts about “Emerging Economies”

- Average per capita GDP of OECD countries in 2011 was \$41,225\* (US- \$48112)
- Comparable figures- Brazil (\$12594), South Africa (\$8070), China (\$5445), Malaysia (\$9977), Thailand (\$4972), Indonesia (\$3495), Nigeria (\$1502), India (\$1489)
- Numbers of poor people (below \$1.25 a day)- Brazil (81 million), China (200 million), India (456 million)

\*Source- World Bank 2012

# Recent Developed Country Initiatives

- Strong pursuit of a Trade Facilitation agreement as “Early Harvest” by the Bali Ministerial, which will be binding on even SVEs and LDCs
- Services Plurilateral –ISA
- Extension of Information Technology Agreement – ITA 2
- Trans Pacific Partnership, US-EU FTA

# Stance of many Developing Countries

- “Early Harvest” cannot be the “only harvest” from DDA
- Doha Round must be completed with the development mandate intact and on the basis of the Single Undertaking
- Plurilateral Approaches are not acceptable
- Focussing on new issues like investment, competition , energy security etc.at the cost of the Doha Round, is not acceptable
- Real LDC issues like DFQF, Cotton etc. should be addressed immediately

# Concerns of Developing Countries

- Trade Facilitation in its present form is basically an import facilitation agreement
- Para 47 of DMD is the basic provision for the Single Undertaking- Early Harvest is only a sub-clause of the para
- A plurilateral International Services Agreement applicable only to its members will not be WTO consistent. An Article V GATS agreement has to fulfil substantial sectoral coverage criterion.

# Contd.

- December 2008 Draft Texts are the products of 7 years of negotiations. They cannot be jettisoned
- Agriculture is the major issue for Developing Countries – abandoning Ag. negotiations built in Art. 20 of AOA will upset the rights and obligations arrived at at the end of UR, to the disadvantage of Developing Countries

# Possible response by Developing Countries

- Doha Round should be completed as per original mandate- on the basis of Single Undertaking and development mandate
- Should not accept negotiations on ISA –heavy responsibility on “emerging economies”
- Developing Countries should not be blamed for current impasse- it is primarily because of the unwillingness of Developed Countries to reduce Ag. subsidies

# Contd.

- The long term interest of Developed Countries is in the development of the Developing Countries

# Bali Ministerial 2013

- To retain the credibility of the system, there should be a balanced outcome at Bali, along with a clear agreement on a post-Bali road map to conclude the Doha Round
- Outcome at Bali should necessarily include the core LDC issues (DFQF and Cotton) as also G33 proposal on Food Security and other Ag. Issues
- Developing Countries should resist possible attempts to change the structure and mode of decision making in WTO- inclusiveness and transparency contribute to efficiency



Thank You