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The Doha Round of Negotiations

Developing Countries Reluctant to Engage

With the establishment of WTO at the conclusion of the Uruguay Round, the developing countries found that they would have to adopt the legislative and administrative framework necessary for national level implementation not only of the provisions of GATT and its associate agreement but also of GATS and the Agreement on TRIPS. They also found that they would require time to adjust to the new situation created by their further integration into the multilateral trading system. However, at the first ministerial meeting in Singapore (December 1996), some of the developed countries proposed that a fresh round of negotiations covering new subject areas should be held in the near future. The US proposed the launch of negotiations on transparency on government procurement, while the EU pushed for the inclusion of trade facilitation. The EU also wanted trade and investment and trade and competition policy included in the agenda for negotiations, although the US voiced concern on both these issues. A large number of developing countries mounted strong resistance to the demands. In the end, WTO members agreed to set up working groups to examine whether these subjects could be taken up for negotiations. These four subject areas have come to be known as the ‘Singapore issues’.

Developing countries offered more resistance to the proposals at the next ministerial meeting, which was held in Geneva in May 1998 to celebrate the 50th anniversary of the multilateral trading system. Most voiced serious concern about the inclusion of the Singapore issues in the agenda for negotiations. Led by India, several developing countries insisted that they were unable even to meet the obligations imposed by the WTO agreements. It was therefore necessary to examine the problems they were encountering in implementing the agreements and whether any improvements were needed in the provisions for special and differential treatment, before any decision was taken for launching of the negotiations. The serious differences that existed among participating countries, particularly the opposition of developing countries to the Singapore issues, also resulted in no agreements being reached on the agenda for negotiations at the Seattle ministerial meeting in 1999.

Even though no decision could be taken for launching the new round, the WTO member countries decided to commence negotiations for liberalisation of trade in agricultural products and of trade in services early in 2001. This decision was taken because the Agreement on Agriculture and GATS imposed an obligation on WTO

members to start negotiations for further liberalisation of trade within five years of their coming into operation (i.e. before 1 January 2001).

A new round of negotiations, covering a range of subjects, was ultimately launched at the ministerial meeting held in Doha in November 2001. Developed countries, seeking to win over the opposition, promised to put in place all possible measures in the round to facilitate promotion of economic development of developing countries. It was therefore decided to call the round a 'development round'. The agenda for the round lays down specific guidelines on how the development dimensions should be taken into account in further liberalisation of trade in goods and services and in the adoption of new rules. In particular it provides that developed countries should give priority to reductions in tariffs and other barriers affecting the trade of developing countries. It further stipulates that special and differential treatment should be extended to developing countries by requiring them to reduce tariffs and other barriers to trade applied by them, based on the principle of making a contribution that is 'less than full reciprocity' (WTO 2001).

The agenda included the four Singapore issues, despite the opposition by developing countries. However, these issues were included for study and analysis and the decision on whether they should be taken up for negotiations in the round was left to be determined at the next Ministerial meeting in Cancun in 2003. But that meeting failed too as the developing countries continued to resist negotiations being held on the issues. However, as a result of consultations held in Geneva, agreement was reached in July 2004 to drop three of the four Singapore issues from the negotiations – namely, trade and investment, trade and competition policy, and transparency in government procurement – and to take up in the round only the subject of trade facilitation. It was included in the agenda for negotiations on the basis of a firm commitment by developed countries to provide technical assistance to developing countries for building up their capacities to apply the rules that may be adopted in this area. This relates particularly to the application of new methods for clearance of goods through customs and for the implementation of the other obligations they would impose.

The compromise solution enabled WTO member countries to agree on a 'broad framework' governing the modalities that could be applied in the negotiations for liberalisation of trade in agricultural and non-agricultural products and in the various subject areas taken up for negotiations at the Hong Kong Ministerial meeting held in 2005. Box 6 lists the main subject areas of negotiations being held at time of writing, taking into account the decisions reached at the Hong Kong Ministerial meeting (WTO 2005).

Box 6: Main subject areas included in the Doha Agenda

Agriculture

Continuation of the negotiations commenced in early 2000, in accordance with the aims of the provision of Agreement on Agriculture for:

- Securing substantial improvement in market access;
- Phasing out of all types of export subsidies; and
- Substantial reduction in trade distorting support.

Market access for non-agricultural products

Commencement of the negotiations for:

- Reduction and, where appropriate, elimination of tariffs including tariff peaks and high tariff, and tariff escalation; and
- Removal of non-tariff measures.

Services

- Continuation of the negotiations launched in January 2001 in accordance with the provisions of GATS.

Trade-related aspects of intellectual property

Negotiations shall aim to:

- Find solutions to the problems faced by countries with insufficient or no manufacturing capacities in making effective use of compulsory licensing under the TRIPS Agreement;
- Complete negotiations for the establishment of a multilateral system for notification and registration of geographical indications for wines and spirits; and
- Examine the relationship between the TRIPS Agreement and the Convention on Biological Diversity and issues relating to the protection of traditional knowledge and folklore.

Trade and environment

- Negotiations on improving the relationship between WTO rules and specific trade obligations set out in the multilateral environmental agreements;
- Continuation of the work on the effect of environmental measures on market access; and
- Examination of the relevant provisions of the TRIPS Agreement and labelling requirements for environmental purpose.

WTO rules

- Clarification of the rules of the Agreement on Anti-dumping Practices and of the Agreement on Subsidies and Countervailing Measures.

Trade facilitation

The aim of the negotiations shall be to clarify and improve relevant aspects of:

- Article V relating to transit trade;
- Article VIII on fees and on formalities in connection with importation and exportation; and

- Article X, which provides for the publication and administration of regulations with a view to expediting the movement, release, and clearance of goods in transit.
- Regarding development gaps between member states and application of the rules:
- Developing and least-developed countries shall not be required to make commitments for application of the rules for which they do not have the technical capacities to implement;
- Developed countries shall provide technical assistance to improve the technical capacities of developing countries for the application of such rules; and
- Developing countries shall be under an obligation to apply such rules only after the required capacity has been developed.

Source: Hong Kong Ministerial Declaration (WTO 2005)

Developments Since the Hong Kong Ministerial Meeting

After the Hong Kong Ministerial meeting, serious negotiations were re-started on the modalities (or rules or procedures) that should be adopted in negotiations for further liberalisation of trade in agricultural and non-agricultural products – i.e. trade in services, trade facilitation, and improvements in the rules relating to the application of the Agreement on Anti-dumping Practices and on other rules-based subjects included in the agenda for the Doha Round.

But the negotiations proceeded at a very slow pace and there were periods when they had to be formally suspended or were subject to long pauses because of the differences and deadlocks. In early 2006, ministers from the Group of Six (G6) member countries (Australia, Brazil, EU, India, Japan and USA) began meeting in an attempt to advance the negotiations, particularly on modalities for negotiations on agricultural and non-agricultural products. But these meetings contributed little to resolving the issues on which differences existed and by July 2006 Mr Pascal Lamy, Director General of WTO, who chaired these meetings, decided to suspend the negotiations. The following year another attempt to take the negotiations forward (this time by a smaller group of four ministers from Brazil, EU, India and USA) collapsed in June. Expressing frustration at the lack of progress in these efforts to find solutions to the problems, the Director General decided to end the meetings of small groups of Ministers and to commence the negotiations in Geneva on a multilateral basis at the level of Ambassadors. By mid June 2008 it appeared that this multilateral process had resulted in a broad consensus on the modalities for negotiations on agricultural and non-agricultural products. Mr Lamy therefore decided to call for a ‘mini’ Ministerial meeting in Geneva from 21 to 29 July 2008, in which Ministers from some 39 countries were invited to participate. The US Presidential election, which was due to be held in November 2008, was another factor that influenced the decision to hold the Ministerial meeting. Some delegations were apprehensive that unless the package

containing agreements on modalities were accepted before that date, the new administration might re-open negotiations on some of the issues. But even though there appeared to be a broad consensus on most of the issues, the meeting collapsed on the last day because of serious differences on a few technical issues mainly in the area of modalities for negotiations on agricultural products. The failure of the meeting signalled that revival of the negotiations would be possible only after the new US administration took over in January 2009 and elections in some of the other countries, notably India, were complete. However, these hopes were shattered when the world economy went into recession as a result of the global financial crisis.

The attention of the world leaders shifted from completing the Doha Round to finding solutions to the serious situations created by the crisis. In order to help agricultural producers and manufacturing industries affected by the decline in economic activity, countries started taking trade protectionist measures. The WTO director general, heads of the World Bank and the IMF and a number of leading economists emphasised that one of the ways to deal with the economic downturn was to curb protectionism by completing the round of trade negotiations as early as possible. World leaders agreed in principle. The need to revive the trade negotiations was emphasised at every important meeting attended by heads of state or trade ministers to consider measures to deal with the financial crisis. But it was clear that most countries lacked the political will to take measures that would commit them to further liberalise their trade and open up their economies to foreign competition until there were clear signs of an economic revival.

Some willingness to conclude the Round by the middle of 2010 was reflected in a summit meeting of leaders from the G20 countries held in London in April 2009. But these expectations received a serious setback in a meeting held on 25 June on the margins of an OECD Ministerial meeting in Paris. At that meeting Mr R Kirk, the US Trade Representative, stated that US business groups considered the reductions in tariffs on agricultural and non-agricultural products that would result from the modalities on which tentative agreements had been reached were far from adequate for increasing their trade, particularly with emerging economies like Brazil, China, India and South Africa. To meet these concerns of the business community, Mr Kirk said the US proposed to hold bilateral consultations with each of these countries, and others, on the flexibilities provided under the modalities for excluding tariff lines from tariff cuts, or for making less than formula cuts, with a view to securing further improved access commitments. This proposal to engage in bilateral negotiations on how flexibilities agreed in multilateral negotiations should be implemented is being strongly resisted by the emerging economies and other developing countries as adding entirely new element in the procedures for negotiations. These countries have argued that both in the area of agricultural and non-agricultural products, they have agreed to cut tariffs by higher margins than they were expected to make. The modalities further

recognise that it would be left to each country to decide on how the flexibilities for excluding a tariff line or making less than formula cuts should be implemented.

At the time of finalising this book (September 2010), there was no clear indication that the major players from developed countries (EU and USA) and developing countries (Brazil, China and India) are willing to engage in serious negotiations for reaching final agreements on modalities for negotiations in agricultural and non-agricultural products, and for completion of the negotiations in the area of trade in services. As it would take six to eight months to finalise the technical negotiations on the schedules of tariff and other concessions after the completion of negotiations on modalities, expectations that the Doha Round of negotiations could be concluded by the middle of 2011 are fast receding.

With this broad overview providing background to the launching of negotiations and the present state of play, we shall now describe the assistance that was provided in the subject areas covered by the agenda and of the progress achieved in these areas in the negotiations (Chapters 4–10).

References

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