

The Doha Development Agenda Impacts on Trade and Poverty

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A collection of papers summarising our assessments of the principal issues of the WTO round, how the outcome might affect poverty, the progress of the negotiations, and the impact on four very different countries.

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All these papers and the final report can be found at: www.odi.org.uk/publications/briefing/doha



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3. How developing countries can negotiate

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The negotiations shall be conducted in a transparent manner among participants, in order to facilitate the effective participation of all. They shall be conducted with a view to ensuring benefits to all participants and to achieving an overall balance in the outcome of the negotiations. (Doha Mandate 2001)

WTO negotiations should have begun in 1999, but no agreement was possible between the US and EU or between the developed and developing countries. In 2001, at Doha, a compromise was reached, partly because of the security crisis, and partly by leaving key issues unsettled. A meeting to review progress at Cancún in 2003, however, broke down. A framework for negotiation was finally agreed in Geneva in 2004 (see paper *Principal issues in the Doha negotiations*).

If the Doha Development round is to contribute both to reducing economic poverty (see paper *Trade liberalisation and poverty*) and to increasing the power of by developing countries, the process of negotiation is important, as well as the outcome. The short period initially allowed for the Doha Round (three years) put severe pressure on countries with few resources. The extension and removal of the target date for completion have improved their prospects. The history of the first three years of negotiations shows that they have used the time effectively. The proposal at Doha to add four new issues, the 'Singapore' issues (because they were first raised at the Singapore Ministerial meeting in 1996) of investment, transparency in government procurement, competition policy, and trade facilitation, both risked adverse economic impacts and brought further negotiating pressure.

Negotiating groups

At Doha, the Least Developed secured a range of special mentions. The Africa Group, which had started to meet in the run-up to Seattle, became increasingly important in coordinating positions. It has worked closely with the LDC and ACP (African, Caribbean and Pacific) groups, with which it overlaps. At Cancún this alliance became known as the G90, and, by the July 2004 negotiations, it was the principal group for the smaller developing countries.

Among the larger developing countries, the long-established leadership of India and Brazil was extended at Seattle and Doha to include Egypt, Nigeria, and South Africa. All have a common interest in continuing liberalisation, although with different particular interests. Their interests are in some respects different from those of the smaller economies. In the weeks before Cancún, this evolved into a new group, the G20, now joined by China.

There are now virtually no 'bystanders'. Most

of the smaller countries participate actively in at least some issues. The fact that many spoke against the Chair's draft at Cancún was not a rejection of the negotiation process, but proof that there had been success in securing broad participation.

Negotiating process up to Cancún

The negotiating process in 2003 combined meetings and papers submitted in the formal processes in Geneva with 'mini-ministerial' meetings, of 20-30 trade ministers from developed countries plus 'key' developing countries chosen for their size or special interests. There is no official recognition of the mini-ministerials in the WTO process. The mini-ministerial draft on intellectual property was rejected by the US in the formal procedures, although it was represented at the mini-ministerial. The US-EU draft on agriculture, requested by a mini-ministerial, and then embodied in the chair's draft text, was rejected at Cancún. These procedures are neither participatory nor effective.

Even formal proceedings still have large uncertain or informal elements. On both agricultural and non-agricultural goods, the chairs of the negotiating groups drafted detailed proposals in their own names, not based directly on the negotiations. The choice of which proposals to cite in the text sent to the ministers was the chair's. The proposal by the four West African countries on cotton subsidies, however, was put on the agenda as a new item at their request.

The greater participation by developing countries led to the first semi-formal recognition of groups among the developing countries. Countries presented positions, but on behalf of the groups. The chairs of the groups represented developing countries both in the informal consultations on various issues during the conference and in the final stages. There were explicit arrangements for them to be represented in the 'Green Room', the group of 30 key countries responsible for finding a compromise, and to 'report back' to their 'constituencies'. Individual groups had regular consultation, among themselves and with other groups.

The explanations for the failure of Cancún indicate why it was possible to reach an agreement a year later. A compromise on agriculture might have been achieved if negotiations had continued. Most countries were prepared to accept the compromise on the Singapore issues which emerged in July 2004: restricting them to trade facilitation. The disagreements in other topics were large, but negotiable. There were, however, serious procedural obstacles. The parallel processes of ministerial statements (reflecting pre-Cancún positions, and aimed at least as much at national audiences as at the negotiators) and negotiations to alter positions

are increasingly incompatible as both public scrutiny and the need for bargaining increase. There was a serious breakdown in trust when some developing countries expressed resentment and frustration, not simply disagreement, with the Cancún draft. And the approach of the EU (and many of the developing countries), of expecting negotiations to overrun, with concessions held back until the final and past-final moment and hints of flexibility being taken as negotiating offers, was not acceptable to the US and others.

The new alliances did not yet have either the experience or the mutual trust to develop 'fall back' positions, a problem intensified by concentrated and very public negotiations. There were no formal means or time for the groups to adjust their negotiating positions. (Even the most experienced group, the EU, did not have a clear fall back position either on the Singapore issues or on how to react when the meeting was abruptly terminated.) The presence of a large number of representatives of national interest groups in delegations (675 African delegates compared to 423 at Seattle) represented a commitment to provide informed participation across a range of issues, but it also constrained quick responses in negotiations. If country representatives and then the groups are to represent interests and be accountable back to them, then more formal structures will be necessary.

Some groups and countries have tried to put the procedures on the agenda, e.g. the ACP asked 'that the decision-making process ...in Cancún is transparent and inclusive, through the adoption of procedural rules. Those rules should ensure...that (a) proposals of the various members or groups of members are reflected in draft texts that form the basis of negotiations, (b) appointment of the Chairpersons of working groups is made by a decision of all WTO members; (c) all WTO members are informed of all meetings and are entitled to participate in them, and (d) issues of importance, including consideration of a proposal to extend the length of the Conference, should be put before all WTO Members for a decision.' That these need to be proposed indicates the weakness of current procedures. Informal procedures could only be justified if all countries had the same objectives; a skilled individual or group could then try to achieve these. But the WTO exists to negotiate different interests.

The conflicts on agriculture and the 'Singapore issues' meant that, unusually, the divisions were almost uniformly between developed and developing countries. Developed-developing alliances, like EU-ACP alliance of Doha or the Cairns alliance of all efficient agriculture countries, were no longer important. This divide was emphasised and aggravated by the contempt with which the EC and US delegations discussed the G20 and the G90: the G20 was an ad hoc group, formed for ulterior motives, without agreement on agriculture, and with no effective positions on other matters. The African and Least Developed countries were unable to understand the negotiating issues or procedures.

Geneva July 2004

After Cancún, as had happened between Seattle and Doha, the Chair of the General Council was able to calm some of the resentments and clarify countries' positions. He secured general recognition that most of the Cancún draft was an acceptable basis for negotiation, and that two EU concessions made during the meeting, to end subsidies to agricultural exports and to reduce the Singapore issues to one, remained on offer. He was not, however, able to find an agreed formula for a new ministerial declaration. This indicates the limited usefulness of the current informal procedures, even when well handled.

There has been one success in the Round. One of the clearest 'development' outcomes at Doha was that members were instructed to find a solution to the problem of countries that could not produce their own drugs, and therefore could not use the concessions that allowed developing countries to produce generic drugs for major health hazards. When it was finally agreed in August 2003, it was the

result of negotiations in Geneva, although these followed pressure from outside groups and direct negotiations among countries.

This 'success' for the Geneva negotiating processes was repeated for the rest of the Doha agenda in July 2004. In January 2004, the US attempted to restart negotiations, and the EU responded. There were then detailed negotiations, particularly on agriculture and the Singapore issues, principally in the negotiating groups, although supplemented by small groups outside Geneva. The US, EU, and WTO officials switched from criticising the G20 and G90 to attending their meetings, and accepting them as negotiating partners. In July, the negotiating group papers, with a much clearer relationship to the consultations and negotiations up to then, were used to draft a proposal. After two weeks of negotiations on this, using the formal Geneva procedures (although some ministers chose to attend), a revised draft was adopted (Doha Work Programme 31 July 2004).

Although small groups were used, including a smaller version of the Green Room, the Five Interested Parties (US, EU, India and Brazil from the G20 and Australia from the Cairns Group), the longer process of negotiation before the draft was presented and then two weeks instead of a four day conference gave sufficient time for countries and groups of countries to assess the proposals and make informed responses. The absence of both formal ministerial presentations and large official and unofficial delegations of interest groups gave negotiators the opportunity to make their own judgements of how to balance different interests.

The outcome itself represented a major shift towards developing country positions compared to the Doha mandate or the Cancún proposals (discussed in more detail in the paper *Principal Issues in the Doha negotiations*). Of the four 'Singapore' issues opposed by developing countries, only one remained, Trade Facilitation, and on this there was a significant innovation: it was agreed that capacity limitations would be accepted as an allowable reason for non-compliance with the requirement, if assistance was necessary, but not forthcoming. The Least Developed countries were exempt from tariff reductions on all goods, although they only achieved an exhortation, not a commitment, that other countries would remove barriers to their exports. On agriculture, there were reduced requirements for other developing countries in the timing and scale of reduction of subsidies. Cotton was promised accelerated, though not separate, negotiations. The problem of preference erosion was 'recognised'.

Lessons from the negotiations

Many developing countries have learned to use the current processes effectively, so that both the process and the outcome are more conducive to development than in the past. The way in which developing countries have operated in the negotiations, including the achievement of progress on TRIPS and public health and the improved July 2004 draft, suggests that there has been an improvement in the level of participation and therefore an approach to the 'partnership' included in the Millennium Development Goals, but it has been achieved by developing country efforts, not by concessions from the developed.

There have, however, been no formal changes. There are still no formal rules requiring time and a consultative process. Although there appears to be some willingness to move more of the negotiations to Geneva, rather than to Ministerial meetings, there is no commitment to this, and under WTO rules there must be another ministerial in 2005 (in Hong Kong, in December). The evidence of the last five years suggests there needs to be a crisis (whether outside the WTO, as in 2001, or in it, as with the Seattle and Cancún failures) to make the developed countries take the requests by developing countries seriously.

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