PRB 03-25E

Library of Parliament Bibliothèque du Parlement

THE DOHA ROUND OF WORLD TRADE ORGANIZATION TALKS: A PRIMER ON KEY NEGOTIATING ISSUES

Peter Berg
Economics Division

1 December 2003

PARLIAMENTARY RESEARCH BRANCH
DIRECTION DE LA RECHERCHE PARLEMENTAIRE

The Parliamentary Research Branch of the Library of Parliament works exclusively for Parliament, conducting research and providing information for Committees and Members of the Senate and the House of Commons. This service is extended without partisan bias in such forms as Reports, Background Papers and Issue Reviews. Analysts in the Branch are also available for personal consultation in their respective fields of expertise.

CE DOCUMENT EST AUSSI PUBLIÉ EN FRANÇAIS

TABLE OF CONTENTS

Page

INTRODUCTION 1

ACHIEVING REAL PROGRESS IN AGRICULTURAL TRADE REFORM 2

IMPROVED MARKET ACCESS FOR INDUSTRIAL PRODUCTS 5

SERVICES 7

INVESTMENT 8

CURBING THE USE OF TRADE REMEDIES 10

REFORMING THE WTO DISPUTE SETTLEMENT SYSTEM 12

“SPECIAL AND DIFFERENTIAL” TREATMENT 13

CANADA

LIBRARY OF PARLIAMENT
BIBLIOTHÈQUE DU PARLEMENT

THE DOHA ROUND OF WORLD TRADE ORGANIZATION TALKS: A PRIMER ON KEY NEGOTIATING ISSUES

INTRODUCTION

In November 2001, trade ministers from 142 countries met in Doha, Qatar, to launch the ninth round of multilateral trade negotiations under the auspices of the World Trade Organization (WTO). The start of this "Doha Round" broadened ongoing negotiations on agriculture and services to include new negotiations and discussions on a variety of other issues. These include, among others, non-agricultural market access; the so-called Singapore issues(1) of investment, competition policy, government procurement and trade facilitation, designed to make the economies of developing countries more open; trade remedies such as anti-dumping and countervailing measures; and dispute settlement.

Of key importance, the Doha Round was designed to deal with a need that was perceived as critical by the vast majority of WTO members: the need to put the issue of development at the core of the global trade system. The new round of trade negotiations was explicitly dedicated to assisting poor countries, by reducing trade barriers in areas (especially agriculture) where freer trade would most benefit those countries. With a recent World Bank study predicting that the pursuit of trade liberalization could increase global income by as much as $520 billion per year and lift 144 million people out of poverty by 2015,(2) much importance is attached to a successful completion of the current round of negotiations.

Regrettably, countries began to disown significant parts of the Doha agenda soon after the new round was launched, and the initiative began to stagnate. Since then, progress on many of the key issues on the WTO negotiating table has been limited.

---

(1) Named after the location of the 1997 meeting at which it was decided to examine them.

(2) World Bank, *Global Economic Prospects 2004*, Washington, D.C., 2003. This report suggests that over 60% of the economic benefits anticipated from the new round would accrue to poor countries.

At the September 2003 Ministerial Conference in Cancun, Mexico, a newly formed "Group of 22" nations consisting of middle-income developing countries, including Brazil, China and India, gained a new, powerful voice in WTO deliberations. This group was upset that its long-standing grievances over rich countries' farm subsidies were being largely ignored. Consequently, the group urged the need to agree on freeing up agricultural trade before launching negotiations on the above-mentioned Singapore issues.

Ultimately, the ministers could not agree on whether to launch negotiations on the Singapore issues. Given this impasse, the chair of the Cancun Ministerial (Mexican Foreign Minister Luis Ernesto Derbez) decided to terminate the conference. As a result, ministers could not agree on any future agenda for the remaining items on the negotiating list, notably agriculture and non-agricultural market access. Owing to this Cancun outcome, the future of many of the Doha negotiating issues is uncertain.

This paper identifies key multilateral trade issues that remain under negotiation at the WTO. It offers a brief discussion of each issue's significance and the state of the negotiations.

ACHIEVING REAL PROGRESS IN AGRICULTURAL TRADE REFORM

For the Doha Round to significantly advance previous efforts at freeing up global trade, real progress in the reform of agricultural trade is required. Up to now, there has been only marginal success in reducing trade-distorting subsidies, quotas and high tariffs.

Export subsidies and domestic price supports provided to farmers create market distortions that affect the entire world by causing production surpluses and artificially depressed and volatile world prices.

Developed countries are the principal culprits in this matter. OECD countries' average agricultural tariff is 60% – twelve times the rate for industrial products. Tariffs on certain highly protected products (e.g., beef, sugar, rice) are considerably higher. Moreover, tariff escalation, whereby rates rise as goods are processed, deprives developing countries of the opportunity to process their agricultural products and obtain the increased jobs and income this processing activity would generate.

Developed countries also protect their agricultural sector through subsidies. Collectively, industrialized countries spend over US$300 billion in protectionist farm subsidies each year. When they produce more than is consumed, the taxpayer has to pay again to subsidize its export.

Agricultural trade barriers and farm subsidies in rich countries deprive developing countries of an estimated US$60 billion a year in income and also reduce their prospects for sustainable growth. Heavily subsidized food products from developed countries have brought food prices down to their lowest levels in a century. That puts significant pressure on developing countries, where up to 80% of the population depends on agriculture to survive. While low food prices may seem like a blessing, the extensive reliance on small farming means that price cuts lead to more poverty and urbanization: it is very hard for subsistence farmers in developing countries to compete on their own domestic markets with farm production subsidized by the governments of rich countries.(3)

Reform in agricultural trade would provide producers and processors worldwide with a more level international playing field, and encourage a more rules-based, stable, predictable, and secure environment within which they can compete and make investment decisions. Such reform is definitely in the global interest.

The existing WTO Agreement on Agriculture was an important outcome of the previous Uruguay Round (1986-1994) of multilateral trade negotiations. At the time of its implementation, the agreement was a good first step in setting out agricultural trade rules and commitments in the areas of market access, domestic support and export competition. However, the Uruguay Round barely scratched the surface of trade barriers protecting national markets; much remains to be done to free up global farm trade.

The current set of WTO agriculture negotiations was launched in March 2000. WTO members spent much of 2000 and 2001 presenting and discussing individual country proposals for trade reform. In November 2001, the Doha Declaration committed WTO members to further reform the agricultural trading system by working towards a phase-out of export subsidies, large declines in trade-distorting domestic support, and improved market access for all agricultural and food products. It provided clear timelines for completing the negotiations within three years. By the end of March 2003, a draft framework (or modalities) for concluding the negotiations was to have been finalized.

---

(3) Dependence on agriculture is most pronounced in least-developed countries and in sub-Saharan Africa, where production tends to be concentrated on a small number of commodities.

Regrettably, however, the March 2003 negotiating target was not met and negotiations have stalled, largely because a number of key developed countries have demonstrated only a limited readiness to stop protecting their domestic agricultural markets. Significant differences remain between WTO members on the key issues in the agriculture negotiations, including the approach to tariff reductions and the lowering of trade-distorting domestic support.

In the run-up to Cancun, efforts were made to bridge these differences, but without success. On 13 August 2003, the United States and the European Union (EU) presented to the WTO a joint framework proposal to curb agricultural aid. The proposal contained a hybrid formula for tariff reduction, combining modest across-the-board tariff cuts for most farm sectors with more aggressive action in some product areas. It offered a similarly mixed approach for export subsidies and export credits. In many instances, precise numbers were deliberately left out of the document.

Opposition to this proposal led to the emergence of a new bloc of developing countries led by Brazil, China and India, the Group of 22, which collectively account for two-thirds of the world's farmers. This group would eventually counter the U.S.-EU proposal with a significantly tougher plan that called for a complete removal of farm subsidies, while enabling poorer countries to retain tariff protection against agricultural imports.

Moreover, four West African countries had seized the opportunity in the period prior to Cancun to push for the total removal of U.S. cotton subsidies over a three-year period. The US$3.6 billion provided each year to America's 25,000 cotton producers depresses the world price of cotton to the point where low-cost African producers cannot realize a profit. The United States eventually attempted to sidestep the issue by advocating that cotton be lumped in with discussions over textiles and clothing, two highly sensitive and protected areas.

On 24 August 2003, the Chairman of the WTO General Council (Carlos Pérez del Castillo) released a draft Ministerial declaration designed to form the basis for discussion among trade ministers at Cancun in September. It was intended as a compromise between the previous U.S.-EU proposal and that of the Group of 22. The declaration adopted the structure of the U.S.-EU document in that its agriculture annex consisted of a framework text, rather than one incorporating the necessary details and figures. As such, it was weaker and far more general than previous proposals considered by negotiators in Geneva. It did, however, call for an end date for all forms of export subsidies, as well as a requirement that countries with higher levels of trade-distorting support make the most effort to reduce that support.

Finally, ministers attending the Cancun conference received a draft declaration that had been reworked by Ministerial chair Derbez. The agriculture text contained in this declaration, however, was never discussed at Cancun. While it has been criticized by the Group of 22 for its timid approach to trade liberalization, it is generally viewed as superior to that of Castillo. For example, it provides for additional disciplines on domestic support; it contemplates the actual elimination of export subsidies; it provides for the negotiation of aggressive tariff reduction; and it deals with tariff escalation. It has also now become the reference text for the post-Cancun discussions on agriculture. As of yet, however, there is no sign that the deadlock in global agriculture talks will soon be broken.

IMPROVED MARKET ACCESS FOR INDUSTRIAL PRODUCTS

Reducing tariffs has been the primary objective of free trade negotiators since the inception of the General Agreement on Tariffs and Trade (GATT). Eight successive rounds of multilateral trade negotiations, together with regional free trade agreements, have lowered tariffs significantly.

Tariff barriers remain, however. Peak tariffs (those at or over 15%) imposed on selective products at levels well above the national average, and tariff escalation (tariffs rising with the degree of processing of imports), continue to protect domestic industries. As well, tariff bindings (i.e., the obligation to apply tariffs on particular products at a rate no greater than the level specified in national schedules) have been placed at rates well above those currently applied, allowing governments free rein to raise duties for protectionist purposes without WTO review. Such “legal protectionism” goes against the grain of WTO disciplines.

Developing countries stand to gain considerably from WTO negotiations on tariff reduction and market access. Farm products and labour-intensive manufactured goods (e.g., textiles and clothing) comprise a full 70% of the exports of the poorest countries. Yet these are the same industries where developed countries’ protectionist policies – for example, in the form of peak tariffs – are the highest.

Reductions in tariffs on textiles and clothing are particularly important in light of the imminent demise of quotas in 2005 and increased Chinese competition. The WTO Agreement on Textiles and Clothing gave WTO members 10 years to abolish quotas (by the end of 2004), but the rules for phasing out quotas under the Uruguay Round allowed most trade

liberalization to be postponed until the end of the 10-year period. Thereafter, developing countries would still face high tariffs, both from each other and from OECD countries.

Developing countries pushed for earlier liberalization on textiles, but this attempt was fought off by strong protectionist lobbies in the OECD area, including those in Canada and the United States. In the long term, however (after the end of 2004, at which time textile quotas are to have been eliminated), developing countries stand to benefit from the Doha commitment to lower barriers on industrial products, particularly "peak tariffs" applied against importing countries' most sensitive industries.

Reductions in tariffs on goods traded between developing nations themselves would provide a significant economic boost for the poorest consumers. Developing countries' tariffs on industrial products are, on average, three to four times higher than those of industrialized countries. The fact that developing-country exporters now pay 71% of their tariff bill to other developing countries suggests that those nations would reap major benefits from the elimination of such duties. It is expected that developing countries would be given a certain degree of flexibility in implementing their market access commitments.

The WTO's Non-Agricultural Market Access (NAMA) Negotiating Group has been given the mandate of forging an agreement on lowering and/or eliminating tariffs. This body is currently negotiating methods for achieving the tariff-reduction goal. Already, divisions have formed between those countries (e.g., the United States, the European Union, Canada) seeking more aggressive developing-country tariff reduction, and other WTO members. The former group would like to see steeper tariff cuts imposed on developing countries' relatively higher tariffs, an option that many developing countries do not favour. Moreover, developing countries are reluctant to make any concessions in the NAMA negotiations until more progress is achieved on agricultural trade reform.

Finally, while tariffs have dropped in many markets, non-tariff measures – notably, regulatory measures – are becoming increasingly significant barriers to trade. Apart from dealing with tariffs, it will also be important for the NAMA Negotiating Group to ensure that technical regulations, standards, sanitary and phytosanitary rules and other regulatory barriers are appropriately addressed. Improved, internationally agreed-on disciplines would help to ensure that non-tariff measures are used only for legitimate purposes and implemented in a way that is not trade-restricting.

SERVICES

Services, the largest and a very dynamic component of the economies of both developed and developing countries, account for over 20% of total global trade.(4) Important in their own right, they also serve as valuable inputs in the production of a wide range of goods and other services. Trade in services is expected to remain the fastest-growing area of world trade.

It is generally thought that substantial economic gains could be realized through increased liberalization of trade in services; however, only relatively recently have services become the subject of multilateral trade negotiations. The 1995 General Agreement on Trade in Services (GATS) was the first to provide a comprehensive framework of multilateral, legally enforceable rules covering global trade in services. This agreement extended the traditional GATT principles of national treatment (no discrimination against foreign producers compared with domestic ones) and most-favoured-nation treatment (no discrimination against certain WTO members compared with other ones) to the global services trade. All WTO members have agreed to open up parts of their domestic services markets to international competition through the GATS, although no country can be forced to open a particular sector or service if it chooses not to.

Negotiations on amending the GATS agreement to remove additional barriers to services trade, as ordered by the Uruguay Round, have been under way since February 2000. At the Doha Ministerial Conference, WTO member countries agreed to continue those negotiations and respect clear, firm timelines.

Up to now, developed countries have been at the forefront in attempting to advance liberalization in services; in fact, all of these countries have now submitted their initial services offers for consideration by WTO members. Many developing countries, however, believe that developed countries have given little in their initial offers. This is especially true, they claim, with regard to opening up their markets to labour from abroad, an area of fundamental interest to developing countries.

Even if the major exporters of services continue to be the wealthier countries, however, developing nations have much to gain from new rules and liberalization in specific

(4) Services include a wide variety of sectors such as financial services, consulting and legal services, distribution services, telecommunications, architecture, tourism, energy services and entertainment.

service sectors, such as those that are labour-intensive. In many of the poorer countries, the development of new service sectors and the strengthening of productivity and competitiveness in existing industries (e.g., financial services, tourism, telecommunications, transportation) could open important new growth and employment opportunities. Foreign investment in those sectors will be critical; developing countries would also gain from WTO investment rules that would reinforce the dramatic opening of their markets that has been achieved over the past decade.

As a consequence of their relative openness, developed countries possess an advantage in the services sector at this time. Many developing countries resist liberalization of service industries and invoke standard "infant-industry" arguments that call for continued protection. For all countries, however, the liberalization of trade in services would inject greater international competition into an area of already huge and growing economic importance.

INVESTMENT

Foreign direct investment (FDI) flows are a key component of economic growth and prosperity in both developed and developing economies. Countries imposing restrictions on FDI risk losing the economic benefits (e.g., faster economic growth, larger capital base, new technology, higher wages) that foreign investment can provide. Moreover, production is increasingly an international process, and investment and trade are now being viewed as complementary activities in firms' efforts to service foreign markets. Indeed, over one-third of world exports are now being shipped between various entities of multinational companies.

Foreign investment has traditionally been regulated through the use of bilateral investment treaties. At the multilateral level, investment-related obligations are concentrated in the WTO Agreement on Trade-Related Investment Measures (TRIMs) and the General Agreement on Trade in Services. The former precludes WTO members from imposing performance requirements (e.g., domestic sourcing) on incoming FDI flows. A number of developing countries, however, experienced difficulties in meeting the WTO requirement that TRIMs-inconsistent measures be phased out by 1 January 2000, and have since requested extensions.

The GATS, on the other hand, contains a number of investment-related requirements affecting the delivery of services through investments undertaken in foreign

markets. While investment in service sectors is covered by WTO rules, there is currently no equivalent, comprehensive, multilateral agreement on investment affecting goods. In the mid-1990s, the OECD attempted to negotiate the Multilateral Agreement on Investment (MAI) for OECD countries, but without success.

A multilateral rules framework, creating a level playing field for all WTO members, could encourage greater investment by providing a stable, transparent and predictable environment for international investment. An investment treaty agreed to by all members of the WTO would set a uniform standard of minimum investment protection and save the transaction costs of negotiating several thousand more bilateral treaties. For host countries, a framework that enables the cross-border flow of investment would facilitate technology transfer and contribute to economic growth and development. Investors would benefit from the certainty provided by strengthened rules on transparency and non-discrimination.

Such an investment framework would be of particular advantage to smaller developing countries lacking the resources required to develop investment arrangements or negotiate numerous individual bilateral treaties. These countries stand to benefit greatly from an international investment agreement, especially given the importance of FDI for the growth of key sectors of their economies.(5) Their participation in such an agreement would provide a strong signal to the world that they welcome FDI and will not discriminate against foreigners in its application. Clear and consistent rules would give firms operating in developing countries, many of which are also eager to attract FDI, greater security and confidence to invest.

Investment is one of the so-called Singapore issues that could eventually be included in the multilateral negotiations now under way. At the Doha Ministerial Conference in November 2001, WTO members recognized the rationale for a multilateral framework on investment and agreed to establish focused work programs within the Working Group on Trade and Investment to define what such a framework might entail. It was agreed that a decision on launching formal negotiations would be made at the Fifth WTO Ministerial Conference in Cancun in September 2003.

Investment proposals that have been discussed within the WTO's Working Group on Trade and Investment are clearly different from those contained in the OECD's unsuccessful

(5) FDI inflows can provide important advantages to these countries in the form of growth-inducing capital, technology and expertise.

MAI, and do not include investor-state dispute settlement provisions. Discussion within the WTO has centred on the following rules that might be included in a potential investment framework: non-discrimination, transparency, performance requirements, incentives, transfer of funds, and elements of investment protection.

To date, no consensus has emerged on the launch of negotiations on a multilateral investment framework, and no decision was taken at Cancun. Many developing countries still oppose negotiations at the WTO on the investment issue. They continue to hold that multilateral agreements will only add to the obligations of developing countries while limiting their ability to align foreign investment flows with national development objectives. As mentioned earlier in this paper, a number of important developing countries seized the opportunity at Cancun to denounce any move to advance the Singapore issues until such time as successful WTO agricultural trade reform is achieved. Many developing countries have indicated that they are simply not ready to launch negotiations on these issues. In their view, more must be done to understand the effects of any changes that are negotiated, and to undertake the necessary capacity building that will enable them to profit from the possible reforms.

CURBING THE USE OF TRADE REMEDIES

Trade remedies such as anti-dumping, countervailing and safeguard measures provide a safety valve for countries that free up external trade. The use of these trade-remedy provisions has been growing, and many believe that now is an opportune moment to clarify and strengthen existing rules. In any examination of trade remedies at a country's disposal, it is important to separate out the legitimate use of these trade remedies from their improper application.

Of the three trade remedies identified above, it is the anti-dumping abuses that are causing the most difficulties; in fact, these have become an increasingly serious problem for the international trading system. Dumping occurs when foreign exporters sell their goods in international markets at prices lower than the price in their home market, or at prices below the full cost of production. Although WTO rules currently enable member countries to protect themselves against dumped products, this right is often being misused as a form of trade protectionism.

Anti-dumping action is one of the few legal ways for countries to impose protection without WTO pre-approval, and it has become the favoured import relief measure for a growing number of countries. Until the 1990s, the use of anti-dumping action was largely concentrated in developed countries, most notably the United States, the European Union, Canada, Australia and New Zealand. More recently, many other countries have started to impede imports under new anti-dumping legislation. However, developing countries likely stand to gain the most from any ultimately successful reform efforts to restrict developed countries' use of anti-dumping action against their exports.

Efforts were made during both the Tokyo (1973-1979) and Uruguay Rounds to negotiate codes that would impose some constraints on the use of anti-dumping remedies, but progress was minimal. One of the obstacles is the fact that the ability to apply trade remedies to address "unfair" trade practices has traditionally been a sacred cow in the United States. The issue of trade remedies continues to be an extremely sensitive one south of the border.

Regrettably, not all countries have interpreted the existing WTO rules (i.e., the 1995 WTO Anti-Dumping Agreement) in the same manner, with the result that a growing number of disputes have arisen between WTO members. Bringing greater clarity and openness to anti-dumping rules and other trade remedies, so as to lessen their abuse, is now increasingly viewed as an urgent priority for the world trading system.

An overhaul of the WTO Anti-Dumping Agreement to impose meaningful restrictions on protectionist abuses would be useful. At the very least, "dumping" could be redefined so that duties are imposed only when market-distorting practices are clearly identified. At Doha, U.S. trade officials played a vital leadership role by placing anti-dumping and other trade remedies on the negotiating table. In the end, WTO trade ministers committed themselves to undertaking negotiations aimed at clarifying and tightening the rules on the use of these remedies.

Countervailing measures are considered by the international community to be a less important issue than anti-dumping. The WTO Agreement on Subsidies and Countervailing Measures aims to curb the use of such government assistance when it distorts trade. Subsidization occurs when a government provides its producers with financial contributions that give the producer an advantage in the marketplace. This support may, in turn, negatively affect other countries' industries and trade. Stronger rules on subsidies would help ensure that developing countries are not disadvantaged by the subsidies of larger trading partners (e.g., the United States, the European Union, Japan).

REFORMING THE WTO DISPUTE SETTLEMENT SYSTEM

The WTO appears to have reasonably clear, well-established, and effective procedures for dispute settlement. These are set out in the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, commonly referred to as the Dispute Settlement Understanding (DSU). The DSU, in force since 1995, has greatly improved the predictability of WTO rules and is a marked improvement over its predecessor, the comparatively ineffective "patchwork" of dispute settlement tools contained in the GATT. For example, the existence of the DSU has made it much more difficult for members to block the creation of panels and the adoption of reports. The DSU is based on the rule of law and it enables all WTO members, regardless of their size or power, to challenge unfair trade-related actions of another member.

Less economically powerful countries have gained from the strengthening of the rules-based multilateral trading system. As the weaker partners in that system, they benefit the most when the major trading powers play by a common set of rules. In the Uruguay Round, for example, the willingness of the United States and the European Union to accept dispute rulings and constrain their unilateral trade actions has helped other countries.

Notwithstanding the usefulness of the existing DSU, the impetus for reform and improvement of the system has grown since its implementation. Compliance with the findings of panels and the appellate body is proving more difficult, and many countries have expressed concerns about the costs and accessibility of the settlement system. These uncertainties undermine support for the DSU. It has been suggested that the WTO needs to: clarify existing rules in such areas as the sequencing of compliance proceedings and the participation of interested groups and individuals; find positive alternatives to the current emphasis on retaliatory solutions; alter the composition and workload of panels and the size of the appellate body; decrease backlogs; decrease unnecessary litigation; and inject transparency throughout the dispute resolution process.

At the Doha Ministerial Conference, WTO members agreed to tackle issues relating to the DSU, with a view to implementing tangible improvements and clarifications soon after May 2003. Negotiations on the DSU were thus de-linked from other negotiations. This deadline was not met, and has been extended by the WTO's General Council to May 2004.

"SPECIAL AND DIFFERENTIAL" TREATMENT

A key reason for many developing countries' lack of enthusiasm about the launch of the Doha Round was that they had already found it difficult to implement all of the commitments entered into during the Uruguay Round. Owing to a lack of financial, human, and institutional resources, many developing countries have been unable to put highly complex WTO agreements fully into effect. Given the constraints on their capacity to negotiate and implement the trade agreements, they are reluctant to engage in further multilateral negotiations.

Nor do the leaders of these countries believe that they have seen all the benefits they had expected from the Uruguay Round. Many of them continue to believe that some of the WTO agreements are not in their interests and need to be rebalanced.

At Doha, WTO members committed themselves to launching negotiations on a total of 48 implementation issues that remained outstanding from the Uruguay Round. Paragraphs 12 and 44 of the Doha Declaration deal with the "Special and Differential" (S&D) treatment of developing countries,[6] specifically with the time frame allotted those countries for implementing WTO agreements. Essentially, these nations are to have more time to implement the agreements.

In addition, WTO members reaffirmed their commitment to providing developing countries with similar S&D treatment provisions for implementing subsequent agreements, including any that arise out of the Doha Round. Current provisions for differential treatment are being reviewed in the current round of negotiations with a view to making them stronger and more precise, effective and operational.

A case can be made for generous S&D treatment of the very poorest of developing countries. Many trade experts believe, however, that it would be unwise for the more economically advanced nations to be entitled to a retreat from WTO obligations. Instead, this latter group of developing countries could be accorded different transition periods for the full implementation of these proposals. In the final analysis, frequent resort to S&D treatment will not assist developing countries in realizing the economic benefits that a more complete trade liberalization would provide. As Jeffrey Schott, a well-respected American trade scholar,

---

(6) Existing WTO agreements already provide developing countries with S&D treatment. In effect, the Uruguay Round agreements narrowed the scope of S&D provisions that had previously exempted poorer countries from key GATT obligations.

recently observed, the current round of trade negotiations should not simply be about what developed countries should do for developing ones; it should also include trade liberalization measures that developing countries themselves could take to promote their own economic development.(7)

During the Doha Round, developing countries have put forward approximately 85 S&D proposals for consideration by WTO members. The draft Cancun Ministerial text proposed the adoption of 24 provisions as an initial "early harvest," but most developing countries found the majority of these to be watered-down versions of the original proposals. For their part, many developed countries are refusing to agree to any provisions that would result in automatic benefits accruing to developing countries. The net result is that, while some progress is being made, WTO members remain deadlocked in negotiations aimed at strengthening rules designed to offer preferential treatment to developing countries.

(7) "Unlocking the benefits of world trade," *The Economist*, 1 November 2003, p. 66.