1

Introduction

In the aftermath of the failure of Cancun, there is a need to reassess the direction of global trade negotiations. In Doha, the nations of the world agreed to a new round of trade negotiations, which would redress some of the imbalances of the past, imbalances which it was widely felt had disadvantaged the developing countries to the advantage of the advanced industrial countries. There was, in fact, some basis for the complaints of the developing countries, both in terms of the manner in which trade negotiations had been conducted in the past[2] and in terms of the outcomes.[3] Many of the participants in the Cancun meeting felt that Europe and the United States had reneged on the promises that had been made at Doha, emblemised by the lack of progress in agriculture.

There were mutual recriminations about who was to blame for the failure. There was even disagreement about who would suffer the most. The United States and the European Union were quick to assert that it was the developing countries who were the ultimate losers.[4] But many developing countries had taken the view that no agreement was better than a bad agreement, and that the Doha Round was rushing headlong (if any trade agreement can be described as 'rushing') into becoming an agreement which, rather than redressing the imbalances of the past, would actually make the developing countries worse off. Though *some* progress had been made in addressing the concerns about the manner in which the negotiations were conducted, the failure to address these concerns fully[5] generated the further worry that the developing countries would, in the end, be strong-armed into a disadvantageous agreement. There were also threats, especially by the United States, that it would effectively abandon the multilateral approach and make bilateral deals instead. The United States differentiated between the 'can do' countries and others, and suggested that the 'can do' countries would benefit from a series of bilateral agreements.[6]

This paper takes a step back from these disputes. It asks, what *should* a development round of trade negotiations look like? What would an agreement that was based on principles of economic analysis and social justice – not on economic power and special interests – look like? What would be an agreement that promoted economic development and that was *fair* look like? Our analysis concludes that the agenda would look markedly different from that which has been at the centre of discussions for the past two years, and that the fears of the developing countries that, if the demands of the developed countries had been acceded to, the Doha Round of trade negotiations would disadvantage them, were in fact justified.

Section 2 of this paper addresses the need for a development round. It examines some elements of the experience of developing countries in previous trade negotiations and briefly reviews some of the potential gains available from further liberalisation. Section 3 is a brief review of the Doha Round so far, and the extent to which it has lived up to the expectations of developing countries.

Most of this paper is what is sometimes called 'blue sky' analysis: it approaches the issues from a fresh start, relatively unencumbered by concerns of politics and by what has happened in the recent past. Section 4 outlines the principles of a development round of trade negotiations. Section 5 details the priorities of a development round of trade negotiations in the context of today's international setting and Section 6 considers several issues of particular interest to developing countries.

Section 7 takes a brief look at some institutional reforms that might facilitate a more transparent and democratic negotiating process, and one which might be more likely to result in agreements that were both fair and in the general interests of the world.

Finally, Section 8 sets out a practical agenda setting out key steps which should form the basis of a true development round.