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# Doha's Development Record So Far

Despite the expressions of goodwill at Doha, progress on the development round has been slow. Part of the problem is that while the interests of different developing countries differ, the evolving agenda itself was not really designed to reflect their real concerns. Throughout 2002 and 2003 it became apparent that many developing countries felt that the Doha Round was moving in the wrong direction on many key issues. They felt that the new round offers them few immediate benefits but carries the risk of additional obligations. As a consequence, developing countries walked away from the Cancun Ministerial meeting in September 2003.

Up to that point, Doha had achieved little progress on most of the critical development issues. One of the key disappointments has been agricultural reform, which many developing countries[22] and NGOs[23] viewed as the primary objective of the Round. The March 2003 deadline for agreement on agricultural modalities was missed. When the US and EC finally presented a joint paper on agriculture modalities in August, the framework was widely criticised by developing countries, correctly in our judgment, for ignoring their interests.[24] On the key issues of market access, domestic support and export subsidies the text was perceived to fall short of the level of ambition of the Doha mandate; indeed, in some respects, what was offered was a step backward.[25]

At the same time, agricultural initiatives within OECD countries seemed to be undermining multilateral efforts. The US Farm Bill in 2002 increased the level of support given to U.S. farmers[26] and strengthened the link between subsidies and production decisions.[27] One year later, the EC's 2003 Luxembourg reform of the common agricultural policy (CAP) was also disappointing. The EC reform shifts support from the 'Blue Box' (production limiting) to the 'Green Box' (deemed to be less trade distorting). However, the level of producer support will remain virtually constant – projected to fall from 57 per cent to 56 per cent (OECD, 2004). Moreover the reform has little impact on export subsidies or import barriers. Both of these initiatives fell far short of expectations and signalled the limited commitment of the US and EC to agricultural reform. Consequently, both plans had a depressing effect on the mood of the multilateral agricultural negotiations.

After the Uruguay Round there was a clear understanding that there would be further liberalisation of agriculture. There is now a strong sense that the US has reneged on that commitment; whether the huge increase in agricultural subsidies is an explicit violation of earlier agreements is of less importance than that it represents a violation of the spirit of the agreement (or at least what was taken as the spirit of the agreement by the developing countries).[28] Just as the agreement has to be viewed as a whole, so too a development round agreement has to be viewed in the context of the unbalanced agreements that preceded it.

In addition to their disappointment on agriculture, developing countries are sceptical about the effects of the new items on the agenda. There is significant opposition from developing countries to the Singapore issues. In the space of a month from early June 2003, 77 developing countries, including over half the WTO membership, made public statements urging that the Singapore issues should not be included as part of the Doha Round.[29] Since these issues are not priorities for developing countries, their emerging centrality in the agenda is an incongruous feature of the 'development' round.

Several developing countries see the Singapore issues as incursions into their national sovereignty that are not justified by the benefits they bring. Multilateral regulatory disciplines raise the spectre of repetition of the worst elements of Uruguay by restricting the options for individual governments to pursue development policies based on their own national priorities and problems.

In addition, there are concerns that initiatives based on the Singapore issues may impose a large burden on the administrative capacity of developing countries. Significant costs are associated with both the creation and enforcement of new regimes in competition policy, investment regulations, and trade and customs procedures.[30] Many developing countries have been unable to meet their Uruguay Round obligations because of these high costs.[31]

Another area where achievements have lagged behind rhetoric is in the delivery of non-reciprocal trade preferences. Recently there have been a number of initiatives in OECD countries to further discriminate in favour of LDCs. Most notable among these are the EU Everything But Arms (EBA) initiative and the US African Growth and Opportunity Act (AGOA). The EU has argued that the EBA will 'significantly enhance export opportunities and hence potential income and growth' for LDCs (CEC, 2002). However, analysis of preferential schemes on LDC exports shows only limited impact. Brenton (2003) concludes that trade in goods given preferences for the first time under the EBA in 2001 amounted to just two hundredths of 1 per cent of LDC exports to the EU in 2001.[32] Even earlier preferences were not focused on goods exported by LDCs: up to 50 per cent of the exports of non-ACP countries to the EC did not receive preferential access and paid the MFN tariff (Brenton, 2003). Overall, the impact of these schemes has not yet been very significant, with the exception of African apparel exports to the US under AGOA.[33]

There has also been little or no progress on other items that are of concern to developing countries, from non-tariff barriers like dumping duties to bio-piracy.

In summary, the agenda for the 'development round' has evolved disappointingly for developing countries. It has done little to address their concerns in agriculture or to address problems posed by non-tariff barriers. It has not prioritised a developing country service sector agenda and there have been no reforms in basic procedures.

In addition, the proposed agenda's new issues could have made life worse for developing countries. The US wanted capital market liberalisation as part of an investment agreement, even though the weight of the evidence was that capital market liberalisation did not promote growth but did lead to more instability. It was feared that competition policy, rather than creating a true competitive environment – hindering use of dumping duties as protectionist devices – would restrict development and encourage socially-oriented preferences

In the South, of course, there is a tendency to see the actions as co-ordinated, driven by economic interests in the North. While the countries of the South may see more co-ordination than actually occurs, the impacts are often closely akin to what they would be if they were co-ordinated. The high interest rates, tax policies and trade liberalisation policies demanded by the IMF do exacerbate the adverse effects on developing countries of whatever trade liberalisation measures they agree to within the WTO. The two cannot be seen in isolation.