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From Uruguay Round to Doha

Developing Countries' Experiences with Trade Negotiations

Introduction

It is always possible to take a pessimistic view of any trade negotiation between weak countries and strong. This can be derived either from traditional international relations theory or from empirical observation.

If we take a deterministic view, that all negotiating outcomes depend on power, assumed to be a single characteristic, based on factors difficult to change by policy, then the outcome of any negotiation can be predicted. And, it would be difficult to suggest any policy interventions to change this. Further, if we look at the history of negotiations, particularly those of the African, Caribbean and Pacific (ACP) countries with the European Union (EU), General Agreement on Tariffs and Trade (GATT) negotiations up to the Tokyo Round, and some interpretations of the negotiations since Uruguay Round (UR), we see very little achievement by developing countries (some may even have lost the ground).

However, both the theory and the evidence can be interpreted differently. The effective limit on even powerful countries in the current international regime that they do not unilaterally take over weaker countries gives bargaining power to the latter. If a powerful country considers market access or compliance with certain international rules beneficial, and if this requires action by another country, then it must secure that country's agreement. This gives the weaker country some leverage. It is not only relative power, but also relative interest in the outcome of a negotiation that influences negotiating strength.

The evidence needs closer examination. Failure to participate effectively in the past cannot be attributed to developing countries' lack of interest in negotiations. In the 1950s and 60s, there were good reasons for developing countries not to participate in GATT negotiations. Inward-oriented development strategies implied that they had little to gain from exports and little to lose (and possibly something to gain) from excluding imports. A country following this strategy should put minimal resources into international negotiations. In addition, GATT excluded many of the products of their interest (agriculture and textiles). The network of preferences gave them better-than-GATT trading terms without negotiation. Therefore, on most trade rules, they could choose to opt out.

The real and more effective participation from the developing countries began after the launch of the Uruguay Round of trade negotiations in 1986, when countries' own development strategies had changed to emphasising exports. The two major products – agriculture and textiles, of their export interest were also brought into the trade agenda. In exchange for concessions in agriculture and textiles, developed countries wanted concessions on market access and on trade rules from the developing countries.

Given this background, this briefing paper examines the way in which developing country participation in GATT/WTO negotiations developed from the Uruguay Round to the present. How have they turned their participation into influence at Doha?

Negotiations in the GATT/WTO Since 1986

During the last 15 years in trade negotiations, developing countries have proved first that they can modify the outcome, then that they can block a settlement, and finally that they can initiate their own issues. Starting from the Uruguay Round to Doha Ministerial, the developing countries may not have gained much in negotiations, but they have definitely shown a greater degree of participation in various trade negotiations.

When agriculture and textiles, the two major issues of developing countries' interests were brought in the agenda of the Uruguay Round for negotiations, it was natural that developed countries would force for trade policy liberalisation and rule changes from the developing countries. So the developing countries had interests – both to press and to protect.

During the UR a substantial number of agreements were sought on rules, most conspicuously on intellectual property and on technical rules such as customs valuation, anti-dumping, subsidies and countervailing measures etc. Developing countries would not have *de facto* exclusion from these, because of the 'single undertaking' nature of negotiations that all the agreements should apply to all countries.

For most developing countries, this was the first negotiation in which they bargained. It became clear in the round that if countries were to obtain any of the concessions they (particularly the more advanced) would now be expected to make offers.

The Uruguay Round is sometimes represented as a simple (or even 'grand') 'compromise' by which developing countries accepted TRIPs and some reduction of their own tariffs in exchange for reform of agriculture and the Multi Fibre Arrangement (MFA). However, agriculture trade liberalisation and phasing-out of textiles quota under the MFA have so far proved to be very complex. Within textiles, there was a bargain between two groups of developing countries with different interests, the efficient producers and the non-quota bound, and then of both against importers. In agriculture, the negotiation was between exporters and importers, with both categories including a mixture of developed and developing countries. On other issues, there were also complex alliances across development levels.

It became clear during the Round that there were different interests among the developing countries. The negotiations over both, the MFA and agriculture, the central developing country issues had to take account of important divisions. Nevertheless, there was still an identifiable developing country interest, particularly as it became clear that the developed countries would press developing countries to conform to GATT rules like tariff binding (even if at high levels) and to participate in all aspects of the agreement.

Traditional leaders like India still considered that they could speak for the majority of developing country members. Besides, there were non-GATT fora like UNCTAD in which developing country positions were formulated, principally by the secretariats (partly from developing, partly from developed countries), but with input from the leading countries, notably India and Brazil.

Box 1: Developing Countries at the GATT/WTO

- *GATT started with 23 members, out of which 11 were developing countries.*
- *The developing country share of GATT membership rose from 66 percent in 1983 to 74 percent by the late 1990s.*
- *Of the 44 new members added since 1982 (37 in 1987 alone), 43 were developing countries.*
- *In 2000, 65 developing countries maintained WTO missions in Geneva and 24 countries have no permanent representation in Geneva.*
- *Delegation size is on average about 3.5 compared to developed countries with an average of 7.4 delegates per country.*
- *Even this 3.5 figure is misleading, since most developing country delegations not only cover WTO, but a range of international organisations in Geneva.*
- *Of 512.5 posts in the WTO Secretariat, 410.5 are occupied by individuals from developed countries, and 94 from developing countries.*

ATC Negotiations in UR

The Agreements on Textile & Clothing (ATC) negotiations were led by developing countries, with India and Bangladesh particularly active along with the South East Asian countries. The major exporters were able to operate as a block, including both quota and non-quota countries, and settling their differences before negotiating with the importers. One reflection of this compromise was that the final settlement allowed sufficient time for any exporter whose interest had not been initially protected, to develop alternative exports and/or to find ways of exploiting its advantage as an existing and experienced exporter.

There were efforts by some developed country importers to mobilise opposition to reform from the potential losers (the non-quota-bound like Bangladesh), but the developing countries preferred to ally and work together. This was in contrast to what happened in agriculture with the food importing countries.

AoA Negotiations in UR

On agriculture, the emergence of the Cairns Group in 1986 brought in new non-major country interests. Although the final settlement was negotiated between the EU and the US, the Cairns Group was sufficiently strong to block their first proposal. In the Cairns Group, although Australia and Canada led, Argentina and Brazil were important participants, and were particularly active in preventing a EU-US-brokered settlement in 1990. The participation of developing countries was therefore very different from the one practiced in textile and clothing and other negotiations. The major exporters (or potential exporters) joined with the developed country exporters in the Cairns group. At the same time the food importers supported (some explicitly), the developed countries, which provided them with cheap food.

Why was this difference there? If we compare the food importing countries with the non-quota clothing exporters, the food importers were directly tied to the developed country exporters of subsidised food. These countries were also the aid-givers on which many food importing countries depended. They were smaller, weaker negotiators. And the Cairns Group was more tied to a rigid pro-liberalisation position, without (at this time) concessions to countries that wanted time to adjust or sympathy for countries dependent on subsidised food imports. It was also principally, not a developing country group. In contrast to that, the leaders of the textile and clothing quota-restrained countries were not only developing countries, but also included India, which is still regarded as speaking for all developing countries, not simply protecting its own interests, and may have restrained its policies accordingly.

WTO Rules – Negotiations in UR

On rules, developing countries accepted the changes that the developed were pressing because these were not perceived as being central to their interests. They were not as well supported by informed private sectors, which could have seen the difficulties, as in the case of developed countries. On services, in the end both developed and developing hesitated to liberalise without sufficient preparation, and the outcome was little more than existing rules, with some increased information and increased certainty.

End Result of UR

So the balance is that some countries gained, even if they had to accept some costs or delays or disappointments. In particular, those, which had been active in earlier rounds, like Brazil and India, felt relatively satisfied with the results, and were joined by some of the newly active members like Bangladesh.

Some countries clearly lost, and without the compensating gains achieved by the textile exporters without quotas. The food importers lost because of their weak negotiating position. Countries with preferential access in major developed markets lost some of that preference because of the general reduction in most favoured nations (MFN) tariffs (and many had already been losing because of the proliferation of regional agreements and the opening of the EU to the east). This issue was hardly raised until the end of the negotiations because many of the most affected had continued to think of the GATT as irrelevant to them, and had hardly participated.

The countries, which had participated actively in the negotiations, gained most. The conclusion which most non-participating countries drew was probably correct: that absence was damaging (for example the failure to react to the loss of preferences), and that longer participation (the success of the established countries like Brazil and India) and experience contributed to success.

Alliances with countries with similar interests, even crossing normal regional and income or development-level boundaries had worked. The alliance around the Cairns Group in agriculture was very different from that around the textiles and clothig (T&C) exporters, but both attempted to draw in all those with the same interests, regardless of their developmental levels and differences on other questions in the negotiation.

The alliances needed some strong and experienced leaders such as Australia in the Cairns Group, India in T&C. While small countries can gain from these alliances, an alliance of only small and inexperienced countries has not yet shown success (see box 2).

Although only a few developing countries yet had active involvement by informed private sectors, they had seen the effectiveness of this in developed countries, particularly in new areas like intellectual property and services.

Further, countries could be weakened by aid dependence on their negotiating opponents, as the food importers were. As regards, international agencies assisting developing countries in the negotiations, the results were not encouraging. UNCTAD had been helping (or replacing) developing countries in formulating positions for negotiations since the 1970s, and continued this during the Uruguay Round, but as countries analysed their own interests and found differences from other developing countries, the unified positions became less useful or even embarrassing to those with different interests.

The World Bank began (late) in the Uruguay Round, but its calculations of economic effects from trade liberalisation were not helpful. They were inaccurate because they ignored existing preferences, regional arrangements and other special trading rules, but more important, they did not take account of the nature of negotiations. They did not distinguish between gains from a country's own liberalisation and those it could only obtain from the actions of others and thus they did not attempt to define negotiating positions. Hence, the UNCTAD and the World Bank attempts to help developing countries were limited because both had their own (different) views of what developing country interests are and what trade policies, by them and by developed countries, should be, to promote these. They were not, therefore, primarily directed at helping countries to formulate and achieve their own positions.

Box 2: Alliances at the WTO

African Group: *Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Cote d Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Gabon, The Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Suriname, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe*

ASEAN (Members of the WTO): *Brunei, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand*

Cairns Group: *Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, Uruguay*

Caricom: *Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Trinidad and Tobago, Suriname*

Mercosur: *Argentina, Brazil, Paraguay, Uruguay*

Mercosur+: *Mercosur + Bolivia, Chile, Colombia, Costa Rica*

Small Island Developing States (SIDS): *Barbados, Cuba, Dominica, Jamaica, Mauritius, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Trinidad and Tobago.*

Developing Countries at Seattle

If the Uruguay Round showed that developing countries could influence particular parts of the negotiations, Seattle showed that they could block a whole negotiation. They refused to accept a process from which most had been excluded. While there were many other reasons for the collapse of the meeting, this was certainly one.

Not only negotiators, but also the interest groups in developing countries had learned from the Uruguay Round. When the extent and nature of the new commitments became obvious, most notably, perhaps, on intellectual property, there was pressure on governments to consult before undertaking any new negotiations. This was partly a spontaneous response and partly the result of the deliberate attempts by the WTO itself (and by some donors) to create interest in the results and the processes of negotiations. While this gives negotiators access to information, it will also in future limit their freedom to negotiate.

The preparations for Seattle were designed to encourage developing countries to participate and succeed. This is evident by the facts that they submitted the majority of formal proposals in the preparatory period and by their determination to be consulted at Seattle. There was an emphasis on the formal process of submitting proposals, meetings to discuss them, and forming successive drafts of the proposed agenda. This followed what had been established as the normal informal procedure in negotiations in the Uruguay Round, of small committees, which were effectively open to anyone who was known to have an interest.

But there was no change in the official standing orders, which left the final decision with the Chair of the meeting to decide who should participate in such groups. Thus, when the Chair of the Ministerial meeting in Seattle decided to designate the members of the Green Room, the informal group to establish the agenda, there was no formal mechanism for challenging this (see box 3). While developing countries were able to use their ultimate power, to refuse to participate, they were not able to participate as effectively in the negotiations as they had in the preparations.

Box 3: The "Green Room" Practice

The "green room" is the name given to the traditional method used in the GATT/WTO to expedite consultations; it involves the Director General and a small group of members, numbering between 25 and 30, including the major trading countries, both industrial and developing, as well as a number of other countries that are deemed to be a representative. The composition of the group tends to vary by issue, but there is no objective basis for participation. This procedure worked when most developing countries were quiet bystanders. After the significant concessions made in the Uruguay Round, developing countries felt entitled to be included in the green-room process, and on several occasions they submitted declarations stating that they would not adhere to any concessions reached without their effective participation.

Negotiating Strategy at Doha

The preparations for Doha again had provision for countries to submit formal proposals and to discuss them, but this time WTO explicitly preferred 'bottom up attempts to reach agreement'. Therefore, the parallel informal processes were much more important in defining the agenda. Two successive competent Chairs of the General Council were able to engage and be trusted by most of the delegations. This led to drafts of the Doha Ministerial Declaration (on the chair's authority), a mechanism which was formally opposed by some (developed and developing) delegations, but which identified consensus where it existed, and made the remaining elements of disagreement clear.

While the emphasis on proposals from the Chair had the advantage of avoiding too many fixed positions, from which it might be difficult to retreat, it had the disadvantage of putting all the weight on the skill of the Chair. The combination of good chairs and the general will to avoid failure meant that the system did not break down in the preparatory period. The developing countries felt that their opinions had been taken into account, even if not sufficiently. Neither of these, however, could be relied on in a future negotiation, so that the system remains weak.

The process of defining national and group positions was also much more extensive for most developing countries than in the past. During the period from June to September 2001, developing countries had meetings, in regions, for example SADC and COMESA; in broader areas, e.g. Africa. Each of these produced a position paper, some of which were formally submitted in the WTO process, while others were widely circulated among governments.

In the pre-Seattle period, some of the position papers were sponsored by donors (notably UNCTAD and some bilateral donors). While on many subjects, the documents showed similar priorities (and identical wording), on some policies they differ, indicating that in 2001 there was a greater contribution by individual country interests than in 1999. These, together with the positions of individual countries (which combined the regional positions with specifically national interests) did not play a direct role in the negotiations, but their content was reflected in the Ministerial Statement.

The positions of developing countries in the run-up to Doha were different from most of those prepared during pre-Seattle, or in previous negotiations. It included not only the traditional developing country issues (agriculture, non-tariff barriers, tariff discrimination and escalation), but also opposed the inclusion of 'new issues' such as environment, investment, competition policy and labour into the agenda. Their definition of the important developmental issues for the New Round was not confined to those suggested by developed countries. These centred on the role of trade liberalisation in development and trade-related technical assistance. They did ask for a more formal commitment to technical assistance to meet new requirements. They also pressed for inclusion of their new issues of interests.

Developing countries' new issues included the importance of infrastructure for trade, linkages between trade, debt and finance, trade and transfer of technology etc. Even on Trade Related Aspects of Intellectual Property Rights (TRIPs), they were more interested in development issues such as access to medicines, protecting indigenous knowledge and securing the right to protect their own products by restrictions on geographical indications (the protection obtained for alcoholic products in the Uruguay Round). They were no longer prepared to accept that they could only respond to (or block) initiatives by others.

These positions and the way in which they were taken and advocated indicated much more familiarity with the issues and the WTO processes than in the previous round. However, in some groupings and in the more inexperienced countries these were still treated more as a research or consultation exercise than as formal policy-making. In some cases, there was direct interest group lobbying and political discussion as well, and a few developing countries now have effective consultative bodies for trade policy. An important function of the meetings remains to be exchanging views and information. These countries have effectively started the process of building a policy-making system.

At Doha, the broad support for the successful anti-subsidy position in agriculture precludes claiming this as a developing country achievement, but the developing countries were a visible part of the alliance. A clearer victory, in agriculture and other areas, was that the meeting accepted special and differential treatment as an integral part of any settlement, potentially better than the Uruguay Round concessions.

Doha also extended the times for Least Developed Countries (LDCs) to comply with subsidy and intellectual property rules. These were both important parts of developing country positions, and had been strongly opposed. Their relatively easy achievement at Doha presumably indicates that developed countries thought they were a necessary part of any bargain. Besides, some of the new developing-country-defined development issues achieved success. Two new working groups on 'the relationship between trade, debt and finance' and 'trade and transfer of technology' were set up. Developing countries had moved beyond blocking power to initiation.

How had this been achieved? Groups were set up on the major issues, but the principal negotiations were informal, led by informally chosen 'friends of the chair'. This worked better than in Seattle. The people were better chosen; the Chair was less confrontational and not from a major trader (the custom of giving this role to the host country remained); there was a conscious effort to include developing countries' representatives.

At Doha, the almost universal opposition to the EU's agriculture regime had meant that the divisions between importers and exporters, between those with special access or quotas to protect and those without, and even those wanting freer trade in agriculture and those wanting some recognition that agriculture could be at least in part exempt from normal trade rules for development reasons (the 'development box' type of proposal) did not need to surface.

LDCs and non-LDCs came together to push for recognition that special and differential treatment (S&DT) should be 'an integral part' of the agreements. One new cross-development-level alliance was between the ACP and the EU to push through the waiver for the extension of Lomé preferences.

Of the larger developing countries, Brazil worked mainly with others (for example with Mexico and Canada against the US on anti-dumping), while India took a strong leadership role on investment, but its position was essentially one of opposing proposals, not presenting initiatives of its own. Both strategies 'worked' in the context of the meeting. However, the experiences of UR indicate that the groups and countries with clear agendas of their own were perceived to be more successful than those who seemed only to be blocking.

Of the alliances, the common characteristic of groups seems to have been more active and more effective than the regions. This applied both to general interests and to sectors; the developing countries gained S&DT and concessions on intellectual property; the small economies got a 'work programme to examine issues'. Though it is weaker than a working group, but is definitely more than what most developed countries wanted to concede to them a year earlier. There were also, however, alliances on special issues such as agriculture and anti-dumping. There was little evidence and no symbolic achievement suggesting active work by a formally established regional group among developing countries. The African Group, however, which includes a range of regions with different negotiating positions, was effective in mobilising support for the developing countries own issues, notably debt.

The developing countries' participation can be considered to have been reasonably effective given that small and weak countries are never be able to take control of the process from the larger countries. They were successful on their declared priorities (agriculture, intellectual property, S&DT etc.), achieved some own-initiatives, and are not, yet, defeated on the developed country initiatives to include new issues of investment and competition policy in the agenda.

They were extensively, even effusively, praised by the other delegations after the meeting. Some of this praise may be the continuation of the 'confidence building' efforts, and some reflects an assumption that any participation by developing countries is so surprising as to be praiseworthy. However, some is real, as developing countries have not expressed the same resentment and disillusionment as after Seattle or in the years after the Uruguay Round.

Further, unlike at Seattle, there was no protest that developing countries were not being heard, so the presumption must be that what was achieved (and what was sacrificed) was the result of a deliberate choice of priorities. Countries tailored their objectives to what they thought that they could achieve. So failure to achieve all the objectives, combined with success in some, suggests that developing countries do have some ability to influence the outcome of negotiations.

What was notable in both, the pre-Doha positions and at Doha, was the increase in the newly active countries, especially some ACP countries joining the traditional developing country leaders like India and Brazil, and traditional LDCs leader, Bangladesh. At Seattle, for example, Zimbabwean delegates were present in force but still hesitant. However, by Doha, they were very active in the preparations for the new Round, and by 2001 their Head of the Mission was chairing one of the WTO committees. Similarly, Tanzania had chaired the General Council at the time of the Seattle Round, and was one of the leaders of the LDCs group at Doha. Further, Mauritius is one of the first ACP countries where the private sector took active part in negotiations. Jamaica and other Caribbean countries are also becoming more active.

The World Bank and UNCTAD are continuing their traditional approaches, of attempting to calculate 'trade gains' and to establish joint positions, but they have now been joined by a range of bilateral donors. Since mid-1990s, the European Commission has been assisting countries to identify trading interests. It has major programmes of assistance for the ACP countries to negotiate both under the Cotonou agreement and in the WTO.

Other donors, like Department For International Development, UK, recognise the problem, and may provide funding for independent assistance, monitored by the aid agency but not fully available to it. In contrast to the WTO's refusal to fund attendance at formal meetings, it does fund both delegates and trade ministries. Although the new Aid and Trade Provision (ATP) programme is principally intended to build capacity to formulate trade policies over time, it also encourages greater participation in current negotiations. United States Agency for International Development (USAID) has programmes to create capacity in government and in industrial organisations.

However, it is easy to identify potential pressure points in the donor-trade policy relationship: in policy: offering preferences in exchange for support; in aid: threatening withdrawal if recipients oppose the donor; in direct assistance: aid to take policies approved by the donor. As such aid increases, more countries may find themselves as vulnerable as the food importers were in the Uruguay agriculture negotiations.

Conclusions and Policy Recommendations

The passage from the GATT to the WTO represented a major turning point for trade policies in developing countries. Full-fledged commitments were taken on for the first time, clearly showing these countries' willingness to come out of the fringes and play by the new rules and mark a major change from their mostly defensive pre-UR position on multilateral trade negotiations. However, it has been almost eight years since the inception of WTO in 1995, developing countries face new challenges and priorities related to their participation in multilateral trade negotiations.

No doubt there have been some remarkable improvement in the negotiating skills of developing countries, experienced over the last few years, especially after Seattle and at Doha. At Doha, they have clearly turned their participation into influence. There are some clear lessons, which need to be learnt by them. The results of the UR indicate that countries, which participated actively and for longer period, gained most. In other words, absence is damaging in trade negotiations. Besides, it is also necessary for developing countries to apply the experiences of other bilateral and regional trade negotiations while negotiating at the WTO because any negotiation gives experience and often help in identifying negotiating issues and allies, which are relevant to others.

Another crucial factor in negotiation is crafting of alliances, not necessarily regional and among the countries of same developmental level, but with countries of similar interests. For example, Cairns group, which comprises of both developing and developed countries, has proved to be the most successful alliance in trade negotiations. Further, the alliances also need some strong and experienced leaders, as an alliance of only small and inexperienced countries has not yet shown success.

It has also been felt that countries are weakened by direct and obvious aid dependence on their negotiating opponents. For example, the net food importing countries (most of them are aid-dependent) have always sided with the EU on phasing-out of subsidies in agriculture, whether willingly or unwillingly. Therefore, it is necessary for these countries to take initiatives and turn their economy from aid-dependent to trade-dependent. This would strengthen their negotiating position in the WTO.

Advice from external sources can attempt to impose their views on the negotiations. To use this effectively, countries need their own objectives and some capacity. But it is interesting to note that both UNCTAD, in its new trade assistance group, and the World Bank, in its efforts to provide a model to test tariff formulae, are now moving more to help countries to form and test their own positions, and not to promote the institutional ones.

Finally, countries and groups which press initiatives of their own are more successful than those which merely oppose and block the proposals of others.

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