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The Doha Agenda and Development: A View from the Uruguay Round

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Foreword

The ERD Working Paper Series is a forum for ongoing and recently completed research and policy studies undertaken in the Asian Development Bank or on its behalf. The Series is a quick-disseminating, informal publication meant to stimulate discussion and elicit feedback. Papers published under this Series could subsequently be revised for publication as articles in professional journals or chapters in books.

Abstract

The Doha Agenda continues the Uruguay Round's expansion of trade negotiations into behind-the-border policies, regulations, and institutions. This distracts attention from the part of the Agenda most directly linked to poverty reduction and economic development: removal of distortions to agricultural trade and of import restrictions on industrial goods—by developing as well as developed countries. Behind-the-border areas are important for development but Uruguay Round experience indicates that trade negotiations provide here a troubled approach to development. On these, development institutions should lead. They are more comfortable with the necessary technicalities of project design and cost-benefit analysis. Development institutions' legalities are country-specific and project-specific, more suited to the one-off problems and trial-error rhythm of what is needed than is WTO's generic approach to legal obligation. If there is momentum behind the development dimensions of the new areas, then the trade dimensions can be managed; but one cannot push the string.

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INTRODUCTION

At the World Trade Organization (WTO) Doha Ministerial Conference of November 2001 Trade Ministers agreed to open a new round of multilateral negotiations. Viewed from a development perspective the strength of the Doha outcome is the persistence of its commitment to helping developing countries. It provides however little perception of how to do so. My objective is to help to develop such a perception: to inform the development community of the Doha Agenda and to begin a dialog on how the development community might help to turn the Agenda's commitment to development into action. To do so I review the outcome of the Uruguay Round, then apply the lessons I draw from this review to the Doha Agenda.

The Uruguay Round provides particularly relevant experience in that the Doha Agenda proposes to extend negotiations on many topics taken up in that Round. Furthermore, a major new concern about the WTO and development, "the implementation problem," stems from the Uruguay Round results.

It is important to note that only part of the Uruguay Round results has created an implementation problem. On tariff reductions, developing countries' commitments were larger than those of developed countries and all were fully implemented by the January 2000 deadline. Services trade is another area where developing countries made substantial commitments—though less here than developed countries—and there is no implementation problem. The approach I take is to compare where there is a Uruguay Round implementation problem for developing countries and where there is not. The immediate purpose of this analysis is to suggest how the negotiations might advance the development dimensions of the Doha Agenda, both where implementation has proceeded smoothly and where it has not.

The more ambitious purpose of the comparison is to provide a way of thinking about which development issues can be effectively addressed through WTO negotiations and which are more effectively addressed through development institutions such as the Asian Development Bank. WTO negotiations and development banks *are* different—created to address different issues, their evolutions conditioned by different objectives and constraints. What then is the "comparative advantage" of these different institutions, and what does an understanding of such comparative advantage suggest the role of each should be in advancing the various issues listed in the Doha Agenda?

This overview provides the basis to argue development institutions should take an active role in much of the Doha Agenda. On traditional trade liberalization they have a lot to offer; in the new areas they are indispensable.

The analysis of the Uruguay Round outcome deals with four basic propositions:

(i) The General Agreement on Tariffs and Trade (GATT) never evolved a capacity for project design or cost-benefit analysis because none was needed. With tariff reductions, legal obligation and project design are identical. Furthermore, what trade negotiators describe as a "concession" is, in real economics, a benefit for the giver as well as for the receiver. No need for cost-benefit analysis, a "diplomats' economics" is good enough.[1]

(ii) The new areas demand better economics. The new areas (services, standards, intellectual property) deal with behind-the-border regulations and institutions that establish the fundamental structure of the domestic economy. There is a wide span between what is possible to write as generic obligation and what is needed *country-by-country* to develop functioning economic regulations and institutions and *the commercial capacities* to take advantage of them.

(iii) WTO negotiations (at least in rhetoric) limit themselves to the "trade-related aspects" of the new areas. Development however is about the nontrade-related aspects as well, about the environment in which domestic economic activity takes place. Often it is not possible to find the development dimensions of the new areas from their "trade-related aspects" much less to advance them.

(iv) Implementation in the new areas requires real investments: to provide laboratories, equipment, etc. This will take money and development expertise, of which trade ministers have neither.

The remainder of the paper proceeds as follows. Section I provides a review of the Uruguay Round negotiations from the point of view of what the Round achieved in the areas of trade in goods and services as well as in the new areas of intellectual property and standards. Section II elaborates on the difference between the administrative burden of traditional tariff cuts and these new areas while Section III discusses these two new areas in more depth. Section IV discusses the Doha Agenda with particular reference to the challenges presented by the agenda items of market access, trade in services, intellectual property, standards, antidumping, and the so-called Singapore issues of competition policy, trade facilitation, and government procurement. The paper concludes with a series of recommendations in Section V.

I. URUGUAY ROUND OUTCOME

Few would question that opportunities offered by the open international trading system have been an important vehicle for development, nor that multilateral negotiations have played a critical role in creating that system. The Uruguay Round was a significant step, particularly in bringing developing countries to use multilateral negotiations as a vehicle for their own trade reforms.

[1] I confess here a semantic debt to Robert E. Hudec, particularly to his classic article "The GATT Legal System: A Diplomat's Jurisprudence" (Hudec 1970).

A. Market Access Outcome and Impact

Much was achieved at the Uruguay Round:

(i) tariff cuts compared well to the coverage and depth of cuts achieved at the Tokyo and Kennedy Rounds,

(ii) agricultural protection was dealt with substantively for the first time,

(iii) quantitative restrictions on imports of textiles and clothing sanctioned under the Multi Fiber Arrangement (MFA) will be eliminated according to a schedule that extends until 2005,

(iv) developing countries agreed to tariff cuts even deeper than those agreed by developed countries, to bind nearly the same percentage of their tariffs as developed countries have bound.[2]

For the world in total, these liberalizations allowed an increase of some $75 billion per year of economic output from the same resource base—this figure, based on the size and price level of the world economy in 1992, is what economists would call the welfare gain.[3]

Figure 1 provides an indication of how this gain was distributed among economies. The chart shows that among regions of the world, Asian economies came out well though there are considerable differences from economy to economy.

While the mercantilist economics of trade negotiations often describes “own concessions” as a burden, in real economics a country will benefit from its own liberalization as well as from liberalization by its trading partners. Martin and Winters (1996, 13-14) provide evidence that countries that made the larger “concessions” at the Uruguay Round were the ones who gathered the larger benefits.[4]

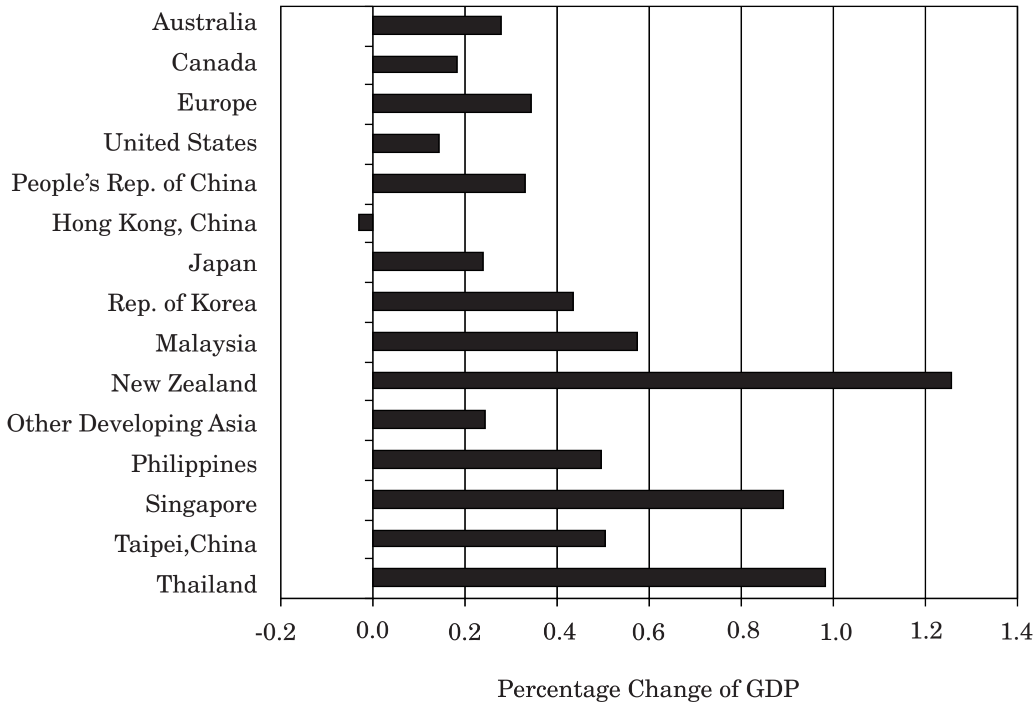
Figure 2 presents information on a part of the trade liberalization outcome of particular interest to developing economies, the impact of elimination of MFA sanctioned quotas on developed country imports of textiles and clothing. In negotiations such liberalization is typically viewed as a victory for exporters. But estimates of the economic impact indicates that elimination of

[2] The cuts covered approximately 30 percent each of developed and developing country imports (by value, vis-a-vis Uruguay Round base 1986-1988). Developing country importers will save on average 2.3 percent of the cost of imports; developed country importers, 1 percent. Uruguay Round bindings cover 88 percent of developed country imports, by value; 81 percent of developing country imports (again per Uruguay Round base 1986-1988 imports.) The cuts and bindings were tabulated from WTO Integrated Data Base statistics; details are provided in Finger, Ingco, and Reincke (1996).

[3] A survey of different analyses of the Uruguay Round outcome found estimates that ranged from $50 billion to $150 billion.

[4] Estimates are of strictly the effects of reciprocal negotiations agreed at the Uruguay Round. They exclude any unilateral liberalization that might have been implemented by Members (e.g., Latin American countries) during the negotiations. People’s Republic of China (PRC) was not a Member during the Uruguay Round negotiations, so estimates do not include any liberalization PRC may have undertaken; PRC is included strictly as a concession receiver.

Figure 1. **Welfare Gains from Uruguay Round Liberalization**



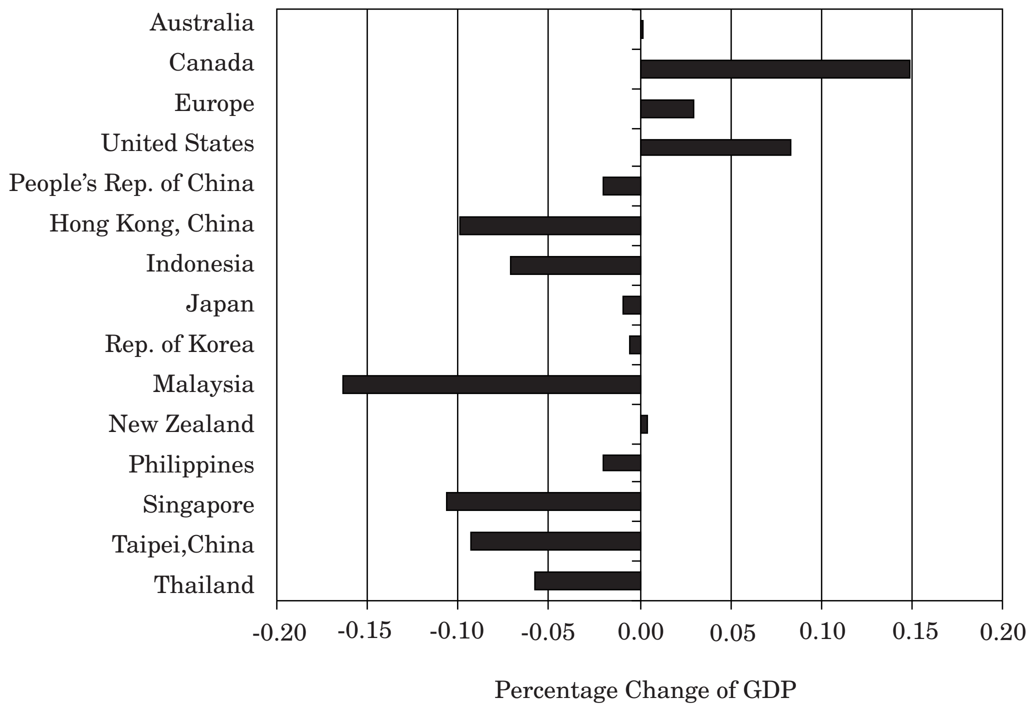
Source: Brown et. al (2001, Table 1).

MFA quotas will be a net benefit to the importing countries such as Canada and the United States as shown in the figure, a loss to many Asian developing countries who are exporters. There will be efficiency benefits to both exporting and importing economies, but a significant part of the economics of such import restrictions is the economic rent they generate: importers paying more than the reservation price at which sellers would make the products available. The rent is a cost to developed country consumers, a gain to developing country suppliers. It will disappear when the quotas disappear, a loss to developing country suppliers, a gain for developed country consumers.

B. WTO New Areas

Intellectual property rights, sanitary and industrial standards, and services are the principal WTO "New Areas." Regulations and institutions here are often described as "behind-the-border." Though the regulations and institutions do affect trade, they more fundamentally establish the basic structure of the domestic economy and are traditionally forged in the interplay of the domestic interests that will be affected.

Figure 2. **Gain or Loss from Uruguay Round Elimination of MFA Quotas**



Source: Brown et. al (2001, Table 1).

The domestic politics behind GATT negotiations has always been grounded in the commercial opportunities negotiated liberalization would provide. In the early rounds, pressure from export interests to give governments the authority to negotiate tariff reductions was a key element. The domestic politics behind the expansion of the GATT into the new areas was similar. Business enterprises (mostly in industrial countries) again saw opportunities for increased international sales; now their attention focused not on tariffs but on other impediments to their foreign sales such as lack of enforcement of intellectual property rights or foreign regulations of services providers. These enterprises, along with their trade negotiators, worked out ways to use GATT/WTO mechanisms to bring pressure on foreign governments to make such changes.[5]

[5] Preeg (1995) and Feketekuty (1988) document the industrial origins of the services and intellectual property negotiations; Shaffer (2002) focuses on the interaction of enterprises and negotiators.

C. Different Agreements Provide Opportunities in Different Ways

The various New Areas agreements work in different ways. GATS, the General Agreement on Trade in Services, provides a conceptual framework for negotiating cross-border commercial opportunities, e.g., opportunities for foreign companies to set up offices. The agreement however applies a minimum of generic obligations. As with tariffs, obligations here are given legal meaning as schedules of specific commitments attached to the agreement. The commitments might be (i) general, e.g., giving foreign-licensed accountants the opportunity to operate within the country on the same basis as domestically licensed ones; or (ii) more guarded, e.g., giving foreign companies the opportunity to establish retail stores, but limited to no more than 1,500 square meters of floor space and not more than one store per city.

TRIPS, the Agreement on Trade-Related Aspects of Intellectual Property Rights, does introduce generic obligations—minimum standards for legal recognition of intellectual property rights and for enforcement of these rights of holders—on foreigners and nationals. The TRIPS agreement incorporates and sometimes extends standards expressed in relevant international conventions such as the Paris Convention for the Protection of Industrial Property (for patents) and parallel international conventions on copyright, trademarks, trade secrets, industrial designs, and layout designs of integrated circuits. The standards imposed are more or less the highest in place among developed Members when the agreement was negotiated, in some cases even higher than that (Reichman 1998).

There are two standards agreements, one on industrial standards, another on sanitary and phyto-sanitary standards (SPS). They are structured to give exporters a basis for complaining about the use of standards as disguised import protection. If an exporting Member suspects that a standard is being applied to restrict imports rather than to ensure safety or quality, the Member can challenge application of the standard. If the standard is one recognized by the relevant international convention (e.g., the Codex Alimentarius for food safety) the exporter's burden is to demonstrate that the standard has been misapplied. If the standard in question is different from an internationally recognized one, then the (importer) government applying it has the burden to prove that the standard and its application are in fact based on science and applied equally to domestic and foreign products. In effect, standards recognized by international conventions are presumed consistent with the WTO agreements; other standards bear the burden of proof. As with intellectual property, this makes standards and systems already in place in developed countries more or less the norm, leaving the implementation burden mostly on developing countries.

D. Implementation Successes and Problems in Developing Countries

In the Uruguay Round negotiations on market access, developing countries were active participants and committed themselves to extensive reforms that were as broad in scope and deeper than those of developed countries. Implementation here met the 1 January 2000 deadline without complaint. It went smoothly because developing country governments were confident of their capacity to manage economic policy in the areas affected by their commitments. Many had a decade or more of unilateral liberalization to build on. The interests that would be affected comprehended the benefits from such policy changes; the government was familiar with managing the trade-offs between domestic winners and losers.

The services negotiations provide another example of successful implementation. Many economic reform programs that took place in developing countries in the 1980s and 1990s included liberalization of the services sector. In many cases reform included a decision to bind foreign access and national treatment at the WTO (Finger and Nogués 2001). (Table 1 compares the extent of commitment between developing and developed countries in selected areas.) In developing countries as in developed, the domestic politics of these reforms was built on domestic considerations rather than on the clout of international obligation. While in developed countries reform decisions were largely motivated by the opportunities businesses saw for increased foreign revenues, in developing countries they were brought about by user complaints about the quality of services available (Finger and Nogués 2001).

Table 1. **Uruguay Round Outcome: Percentages of Developing and of Developed Economies that Made Some Market Access or Some National Treatment Commitments on Selected Service Sectors**

Cross Border Provision	Market Access		National Treatment	
	Developing Economies	Developed Economies	Developing Economies	Developed Economies
Professional services	22	71	22	71
Communication services	37	97	36	97
Distribution services	12	96	12	96
Financial services	26	37	26	37
All selected sectors	25	70	25	70

Commercial Presence	Market Access		National Treatment	
	Developing Economies	Developed Economies	Developing Economies	Developed Economies
Professional services	22	71	22	71
Communication services	37	97	36	97
Distribution services	18	96	18	96
Financial services	47	98	46	98
All selected sectors	36	94	35	95

Source: Finger and Schuknecht (2001, Table S4).

Most of the complaints about developing country implementation relate to the intellectual property and the standards agreements. An important difference between these agreements and the market access and services agreements is that the standards and intellectual property agreements impose generic obligations. Differences between the economics of such generic New Areas obligations vs. traditional market access obligations are taken up in the following section.

II. TRADE LIBERALIZATION AND NEW AREAS: REFORMS HAVE DIFFERENT ECONOMICS

The administrative part of tariff cuts is easy. Reaching agreement demands considerable diplomatic skill. Squaring the agreement to cut tariffs with domestic politics requires considerable political courage, but tariff reforms agreed in a multilateral negotiation can be implemented with the stroke of a minister's or a legislature's pen. New lists of tariff rates are posted, and customs agents apply those rates rather than the previous ones. Furthermore, the economics is foolproof. Though mercantilist economics considers a tariff reduction a "concession", in real economics *giving* such a concession is something that *adds to* the national economic interest—the real economics of a concession is positive for the *giver* as well as for the receiver. GATT bargaining, remember, is a response to the difficult politics of liberalization, not to the good sense of its economics.

A. Implementation has a Real Cost

The economics of new areas commitments differs in several ways. For one, implementing new areas obligations will require real resources. Where laws must be revised and enforcement agencies buttressed or created, expensive legal expertise is needed. Where obligations involve standards, laboratories, equipment, and scientifically trained personnel are necessary. All in all, World Bank project experience indicates that it will cost a developing country $150 million to get up to speed in only three of the New Areas: intellectual property rights, SPS, and customs valuation. This $150 million is more than a full year's development budget in many of the least developed countries (Finger and Schuler 2000).

B. Implementation can be Bad Economics

Perhaps more significant, development experience as revealed by World Bank-supported projects indicates that the money might be ill-spent. WTO agreements provide sometimes an incorrect diagnosis of and sometimes an inappropriate remedy for the problems developing countries face. For example, the customs agreement covers only valuation, but project experience in developing countries indicates that valuation is perhaps the last centimeter in a whole meter of customs processes that requires reform. Developing country projects here deal with more basic issues of physical security, objectivity, and accountability—determination against an explicit standard rather than through informal negotiation with customs officials. Fitting the WTO-required valuation accounting into present customs systems would likely increase, rather than reduce, the opportunities for a negotiated, as opposed to an objective, outcome (Finger 2001).

More striking still, through TRIPS developing countries took on as legal obligation a cost of $60 billion per year, but there is no legal obligation in the agreement on any Member to provide anything in exchange. This point will be taken up in Section III below.

C. Development Institutions not Trade Negotiations are Designed to Take on Such Economics

Generally speaking, tools that serve well in one use may not serve well in another. It is possible that the "comparative advantage" of multilateral negotiations to support correct policy choices on trade restrictions does not carry over to the construction of behind-the-border regulations and institutions that provide the basic business environment.

On trade restrictions, each country has the sovereign authority to impose them and most tend to overdo it. The advantage of concentrated producer interests over disbursed consumer interests is the familiar explanation—the political incorrectness of unilateral openness dominates its economic correctness.

Reducing import restrictions through reciprocal exchange alters the politics. For one thing, it brings not only export interests into the game, it brings in general foreign policy interests to support liberalization. In the years just after World War II the view that a web of countries interlinked by commerce would contribute to peace and security was an important part of the base for negotiations. Taking up import liberalization through multilateral negotiations did little to change the mercantilist perception that imports were the costs of trade, instead, it shifted attention to other effects that the public considered more important.

To the negotiators the GATT process was diplomacy, not economics. There was a casual concern that each country accept more or less the same depth of cut on more on less the same fraction of imports, but no delegation equipped itself with precise tabulations of either its own or its trading partners' concessions—much less with analysis of the effects of such on trade, production, or economic welfare. Furthermore, GATT's "member countries" saw no need to create a Secretariat capacity for such tabulation or analysis.[6]

As an instrument to help the international community make correct decisions about the reduction of trade barriers, multilateral negotiations did not need a capacity for economic analysis. What in mercantilist economics is a "concession" is in real economics a benefit to the concession *giver* as well as to the concession *receiver*. The economic results are positive for all parties.[7] Furthermore, implementation requires no investment. While the politics of reaching agreement might be difficult, implementing the lower tariff rates requires no more than an official document instructing customs agents accordingly.

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[6] The matter is elaborated in Finger (2001) and Winters (2002).

[7] There are, of course, distributional issues (winners and losers) within countries. Real economics does not suggest that trade liberalization will not have domestic losers as well as domestic winners, only that the gains will generally exceed the losses.

Development institutions were created to take on different issues with more difficult economics. To create or replace a transport system or an education system is different from reaching an agreement to mutually reduce import restrictions in two key ways: it requires real investment, and it brings one into the realm where some alternatives have higher rates of return than others. These matters require a different set of tools, one that includes project design and cost-benefit analysis.

Legal obligation is a familiar GATT/WTO tool; perhaps less recognized is that development institutions also employ legal obligations. Differences in the tasks of GATT/WTO and of development institutions have led to different forms of legal obligation. With a development institution, a country's legal obligations are the commitments it makes when it borrows money from the institution. One country may borrow to finance transportation, another to finance education; within education one country may need classrooms, another teachers. Hence with a development institution legal obligations are country-specific and project-specific. As such development institutions are more suited to the one-off problems and trial-error rhythm of what is needed to build behind-the-border regulations and institutions for countries at different levels of development than is WTO's generic approach to legal obligation.

With negotiations, legal obligation comes before project design and cost-benefit analysis; with development institutions it comes after. When the objective was reduction of import restrictions, this difference did not matter. When the objective is to set up behind-the-border regulations and institutions, it does matter. The following section elaborates.

III. LESSONS FROM TRIPS AND STANDARDS

The TRIPS agreement for intellectual property rights obligates member governments to provide the regulations and the enforcement mechanism that would allow owners of intellectual property to establish and defend these rights—i.e. to collect revenues on them in all Member countries. More simply, it has the effect of creating claims by intellectual property owners against intellectual property users. As developing countries are more often users than vendors of intellectual property, the impact is a significant economic obligation on developing countries—users owe royalties, copyright fees, etc. on the use of knowledge not previously protected in their countries by patents, copyrights, etc. As with the economics of the MFA, these are basically economic rents: negative in adding up the gross domestic product (GDP) of those who pay, positive in the GDP of those who receive.

A. Magnitude of the TRIPS Obligation

The World Bank provides estimates of one part of that obligation, the obligation created by increased patent claims by owners of intellectual property (World Bank 2002). Table 2 reports estimates of the amounts by which full implementation of TRIPS obligations on patents would change net payments. For the first six countries on the list (United States, Germany, Japan, France, United Kingdom, and Switzerland), the figures sum to $40 billion/year of increased payments.

Table 2. **Changes of Net Annual Patent Rent Obligations Resulting from Full Application of TRIPS (millions of 2000 dollars)**

Country	**Net Change of Patent Rents**
United States	19,083
Germany	6,768
Japan	5,673
France	3,326
United Kingdom	2,968
Switzerland	2,000
Australia	1,097
Netherlands	241
Ireland	18
Portugal	-282
Canada	-574
New Zealand	-2,204
Spain	-4,716
Greece	-7,746
South Africa	-11
Brazil	-530
India	-903
Mexico	-2,550
Israel	-3,894
People's Rep. of China	-5,121
Rep. of Korea	-15,333

Source: World Bank (2002, Table 5.1).

The International Intellectual Property Alliance's (IIPA) estimates of losses from copyright piracy provide additional information on the obligation implicit in the TRIPS agreement.[8] IIPA estimates that losses due to piracy of US (alone) copyrighted material around the world at some $20-$22 billion per year (IIPA 2002a).

B. The Quid Pro Quo

The Uruguay Round "grand bargain" was that developing countries would take on obligations in the new areas and in exchange developed countries would provide better access to their markets, particularly on agricultural products and on textiles and clothing.

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8 IIPA is a private sector coalition comprised of six trade associations whose members are some 1,100 US companies who produce and distribute copyright-protected materials throughout the world.

As compared with the outcome of the market access negotiations, the TRIPS amounts described above are big money. Comparing (Table 3) the net gains from changed patent obligations with the gains from Uruguay Round liberalization of tariffs on industrial goods by *all* WTO Members shows that TRIPS-patents are worth *13 times* more to the US than is the Uruguay Round tariff package on industrial goods. On the other side of the ledger, for the three developing countries for which both the World Bank and the Harrison et. al estimates are available, TRIPS-patents bring increased claims *against* them several times larger than what they will gain from Uruguay Round tariff liberalization on industrial goods. For Republic of Korea, the TRIPS obligation is *18* times as large as her gain. Table 4 likewise compares the IIPA estimates of copyright obligations with gains from Uruguay Round tariff liberalization on industrial goods. Again, data from the two sources overlap for only a few Members. Of these, only in the case of Argentina is the ratio greater than one, i.e., copyright obligations greater than gains from trade liberalization.

Table 3. **TRIPS Patent Requirements and Uruguay Round Tariff Liberalization on Industrial Goods: Impacts Compared**

Country	Gain from TRIPS Patents Requirements/ Gain from Industrial Goods Tariff Liberalization (ratio, not percentage)
United States	13.1
Germany + France + United Kingdom #	3.6
Japan	2.1
Australia	1.8
People's Rep. of China	-4.7
Mexico	-7.0
Rep. of Korea	-18.0

Note: # The line for Germany + France + United Kingdom compares the gains from TRIPS-patents requirements for these three countries with Harrison et. al estimates of the gains from tariff liberalization to all members of the European Union.
Sources: Estimates of TRIPS impact: World Bank (2002, Table 5.1). Impact of tariff liberalization on industrial goods: Harrison et. al (1996, Table 8.6).

Table 4. **IIPA Copyright Obligation Estimates and Uruguay Round Tariff Liberalization on Industrial Goods: Impacts Compared**

Member	Copyright Obligation / Gain from Industrial Goods Tariff Liberalization (ratio, not percentage)
Argentina	1.22
People's Rep. of China	0.97
Taipei,China	0.53
Brazil	0.49
Indonesia	0.19
Malaysia	0.16
Thailand	0.12

Sources: Impact of copyright obligations: IIPA (2002b). Impact of tariff liberalization on industrial goods: Harrison et. al (1996, Table 8.6).

Taking into account agricultural plus textiles and clothing liberalization would not make the comparison look more favorable for developing countries. As noted in Section I, agricultural liberalization was minimal; removal of import quotas on textiles and clothing is a loss for developing countries, a gain for developed.

There is a plausible economic argument that the higher level of intellectual property protection the TRIPS agreement demands will attract foreign investment into developing countries, and induce inventions particularly suited to the needs and opportunities of the developing countries. Conversely, one might argue that once the intellectual property rights of outsiders are recognized there is less need for a local presence, and that the opportunity to produce unlicensed copies free from legal hassle may be the more attractive investment opportunity. The evidence here is mixed,[9] but which ever way it cuts it imposes no legally bound obligation. A Member cannot take "economists", much less "investors" or "inventors" before the WTO dispute settlement body if no investment or invention results. The New Area agreements also promise technical assistance for implementation, but these promises avoid the compulsion of legal obligation. They are unbound promises that developing countries accepted in exchange for their legally binding obligation to pay $60 billion per year.

C. A Legal Obligation is not an Economic Result

The numbers presented above—that cover only patents and copyrights for a few countries—sum to a claim of $60 billion/year. However, having a claim on $60 billion/year and collecting it are not the same. In between the two lie both the mechanics of collection and the "wiggle room" in the TRIPS text, or more diplomatically phrased, the "creative ambiguity" on which the magnitude of the claim might be questioned.

Available facts suggest that there is considerable slippage from claim to collection—owners of these claims sometimes settle for a few cents on the dollar. Bristol-Myers, the New York Times reported, has offered to sell in Africa a leading AIDS medicine at $1 for a day's dosage; the price in the US is $18 (Petersen and McNeil 2001). IIPA data report low collection rates in many countries on copyrighted products; e.g., on copyrighted business software, collection rates of less than 50 percent in more than three quarters of the 39 countries covered by a recent survey; collection rates on entertainment software of less than 10 percent in many countries.

D. Converting Claims into Commercial Realities is Business, not Diplomacy

In the US, the affected business interests are at the front line to spot commercial opportunities to which other countries' WTO obligations might give them claim and to identify changes of foreign regulations and enforcement practices that would enable them to increase their revenues. This information and the people who assemble it are linked to US negotiators through

[9] See Maskus (2000) and World Bank (2002).

a formal, legally established Industry Consultations Program that advises on trade negotiations and on the system the US Congress has established to support US enterprises to advance their commercial interests abroad. "Section 301" and "Special 301" are familiar instruments created to implement these interests.[10]

The Industry Consultations Program and its related business associations play a similar role in developing US negotiating agendas and in evaluating proposals from others. The system provides a business perspective that evaluates the potential revenue from different trade-related activities for a variety of business interests. It also provides an advantage in the depth of expertise the US brings to WTO negotiations that is perhaps as important as the larger scope of expertise that has been documented by comparing sizes of Geneva delegations (Michalopolous 1999). The system provides constituent ownership of the US negotiating position.

Trade policy in the US is *business*. Having and bringing to bear the business/legal skill to *capitalize* the outcome is critical, not just after the agreement is in place, but to negotiate it in the first place.

E. Apples for Oranges: It Never Did Work

It is important to notice how different is the exchange implicit in agreements that function by establishing a common standard versus those that are a direct exchange of concessions. Such is exemplified by the differences between tariff negotiations and TRIPS. However it is equally important to notice that the difference is not between traditional market access and new areas. GATS, through its process of specific, scheduled negotiations, has the capacity to avoid the problems taken up in this section.

1. All Reciprocity is Local[11]

Trade negotiations have never supported broad exchanges. Even within tariff negotiations, exchanges that demanded significant shifts across sectors have been difficult; agriculture, textiles and clothing have been handled separately from the normal exchange of concessions. The problem with shifts across sectors is to achieve *domestic* reciprocity; e.g., paying the US textile industry from gains enjoyed by the US aircraft industry. There have been few such direct swaps. Overcoming resistance from potential losers has been, in practice, part power politics, e.g., where negotiating

[10] No doubt enterprises in other countries are as capable as US enterprises to identify sales opportunities that foreign adherence to WTO obligations might provide, and that other governments, like the US government, have ways to work with such enterprises. Indeed, the creation by the US Congress of the Industry Consultations Program and such instruments as Section 301 was motivated by a perception that foreign trade negotiators did a better job of advancing the commercial interests of their enterprises than did US negotiators. We have not yet had the opportunity to study such mechanisms in other countries.

[11] I acknowledge another semantic debt, this time to Tip O'Neil (1995) from his book titled *All Politics Is Local.*

authority must be specifically granted, using export industries to win more Congressional votes than the opposition could rally. It has been, in other part, compensation. Adjustment assistance is the straightforward example, the familiar political coin of public works has also been used.[12]

With agriculture and textiles and clothing set aside, much of the growth of trade has been intra-industry. Gilbert Winham reports (1986, 65) a tendency to look for "self-balancing sectors" —or, one might add, to construct them; e.g. craft North American Free Trade Agreement rules of origin to condition access to the US market for textile products on the use of US-made fibers or fabrics.

2. Shifting among Constituencies versus Creating Constituencies

Tariff negotiations worked by switching domestic political clout from one producer constituency to another, from import competing industries to exporters. The politics was relatively easy because the receiving constituency already existed and it was more dynamic than the one who lost influence.

Taking up intellectual property rights as a trade issue cannot build on a similar shift within domestic politics (in poorer countries there is no producer constituency for intellectual property rights) perhaps because these economies have come to depend on knowledge from outside. The easier politics of shifting domestic political support to an existing (and dynamic) constituency is not available.[13] For intellectual property rights to take root, a constituency to support the reforms that the agreement demands must be built.

3. Domestic Reciprocity is the Challenge

In summary, exchanging market access for intellectual property rights brings with it a more challenging domestic politics than do more traditional trade agreements. It demands a broader domestic pay-off from winners to losers than trade negotiations have supported in the past. It also requires that the benefiting domestic constituency be *created* by the exchange, something trade negotiations have never done. The advantage the advanced countries have to let their commercial constituencies lead the negotiations (to depend on them to identify possible benefits and risks) may be insurmountable. The complementary constituencies do not exist in most developing countries.

[12] Zeller (1992) provides examples of the trades US President John F. Kennedy made to win Congressional approval of the authority to negotiate in what came to be called the Kennedy Round. Providing quota protection for the textile industry was part of it; an extensive waterways project for the state of Oklahoma was another part.

[13] Building on user constituencies has never worked in trade politics, it would be particularly difficult with intellectual property because the TRIPS agreement imposes a burden on users, not a benefit.

4. This is What Development Institutions Do, Not Trade Negotiations

With tariff concessions, project design follows directly and obviously from legal obligation. A commitment to lower tariffs brings forward minimal issues of "How?" The same is not true for intellectual property, standards, and other behind-the-border areas of regulation and institutions. A commitment to enforce intellectual property rights is a long way from a judicial and legal enforcement system that will do so. Here there is a broad gap between project design and the generalities that a generic, one-size-fits-all, statement of legal obligation can provide. There is also a considerable need for cost-benefit analysis, as a considerable share of the development budget may be at stake, rate of return comparisons are a necessary part of good management. Development institutions will have to lead here, trade negotiations cannot.

IV. THE DOHA AGENDA: SUMMARY AND COMMENTARY

The Appendix summarizes the content of the work program that the Doha Ministerial Declaration sets out. There are three categories: (i) subjects on which there will be negotiations,[14] (ii) subjects on which negotiations will not be opened though there will be continuing WTO work within special working groups, and (iii) cross-cutting considerations related mostly to how development or developing countries will be included in the negotiations.

This section expands on the summary given in the Appendix. It applies the lessons drawn from the previous discussion to a selected number of negotiating issues. The purpose of this section is to provide an overview and to initiate a discussion of the Doha Agenda from a development perspective.

A. Market Access: Import Restrictions on Agricultural and Nonagricultural Products

The removal of distortions to agricultural trade and of import restrictions on industrial goods is the trade agenda most directly linked to poverty reduction and economic development. Agriculture is important because poverty in developing countries is in large part rural. Industrial reform is important because many poor people work in the production of basic manufactures. Getting rid of developing country restrictions is as important as getting rid of developed country restrictions. Developing countries are a large market. Their protection is as biased against the exports of developing countries —and considerably higher—than is developed country protection.

On agriculture the Doha Declaration lists import protection, export subsidies, and domestic support as subjects for negotiation. However, it also expressly acknowledges the possibility of

[14] Under provisions of the Uruguay Round Agreements, negotiations on agriculture and services began in early 2000. The Doha Agenda incorporates these and adds negotiations on other issues.

accomplishing nothing—“without prejudging the outcome of the negotiations” is the phrase. It goes on to explicitly recognize the domestic politics in developed and in developing countries of doing nothing. It also commits to making operational the absence of reform commitment by developing countries. One finds little there to indicate a momentum toward reform.

On nonagricultural products the Declaration names tariff peaks, tariff escalation, and products of export interest to developing countries as specific targets. These are important targets.

The Declaration also commits to “take fully into account the special needs and interests of developing and least developed country participants, including through less than full reciprocity in reduction commitments.” The comparable statement in the Punta del Este Declaration (that launched the Uruguay Round) pointed in the opposite direction, saying “Emphasis shall be given to the expansion of the scope of tariff concessions among all participants.”

If this shift represents backing off good economics in order to win agreement to hold negotiations, then its priorities are wrong; likewise if it represents backing away from developing country trade liberalization on merchandise in order to maintain pressure on New Areas implementation. If the shift bought the inclusion of the Singapore issues (discussed below) then the priorities are particularly wrong.

B. Services

As discussed above (Section I.D) the services agreement has proved to be a useful vehicle for solidifying reforms in developing countries. The agreement—a framework for negotiation of one-by-one liberalizations—is more suited to the realities of the underlying economics and particularly to the underlying politics than are other “new areas” agreements. The politics is largely domestic, as the interests of users, particularly of producers who need business services of competitive quality at competitive prices are served by services liberalization. (Table 5 provides information on the share of services in the imports and the exports of Asian countries.) The Doha Declaration paragraph carries forward without qualification the basis for previously successful negotiations.

C. Trade-Related Aspects of Intellectual Property Rights

On intellectual property, the Ministerial declaration narrowly constrains the negotiating agenda to geographic indicators, and within that subject to a multilateral system of notification and registration for such. Possible extension of protection of geographic indicators is left to an inquiry by the TRIPS Council, which is also to look into the relation between TRIPS and the Convention on Biological Diversity, and into the protection of traditional knowledge and folklore.

The Doha Ministerial also produced a separate Declaration on TRIPS and public health, worded ambiguously enough so that one side could say that existing legal obligations were maintained, the other that their position on the overriding importance of public health over individual owners’ rights had been vindicated. In a legal sense, there has been no agreement to renegotiate TRIPS. In a commercial sense TRIPS is being renegotiated every day. The one dollar in eighteen offer on AIDS pharmaceuticals is one illustration. The bilateral negotiations over how far a country must advance to protect the interests of US owners of intellectual property in order to maintain or regain eligibility for US tariff preferences are another example. The US Trade Representative's "watch list" indicates that such negotiations are under way with some 50 countries.

Table 5. **Services Trade as a Percentage of Merchandise Trade, 1999**

	Exports + Imports: Commercial Services as % of Merchandise	Exports: Commercial Services as % of Merchandise	Imports: Commercial Services as % of Merchandise
World	23	23	23
North America	22	30	17
Latin America	19	18	19
Western Europe	26	27	25
Africa	27	27	28
Asia	21	18	25
Australia	28	30	26
Japan	24	14	37
New Zealand	33	34	31
Australia+Japan+New Zealand	25	17	35
Other Asia	36	32	39
Bangladesh	12	5	17
Cambodia	29	21	36
PRC	16	13	19
Fiji	61	78	48
Hong Kong, China	122	166	89
India	38	38	38
Indonesia	22	9	47
Korea, Rep. of	20	18	22
Lao PDR	18	32	9
Macao, China	78	123	29
Malaysia	18	14	23
Maldives	98	548	27
Mongolia	28	22	33
Myanmar	21	38	12
Nepal	25	50	14
Pakistan	19	17	20
Papua New Guinea	32	13	61
Philippines	18	13	23
Samoa	49	235	17
Singapore	32	34	29
Solomon Islands	54	35	78
Sri Lanka	22	20	23
Taipei,China	17	14	21
Thailand	26	25	27
Vanuatu	126	408	50
Viet Nam	27	24	31

Source: Tabulated from WTO data (available: http://www.wto.org/english/res_e/statis_e/its2001_e/appendix/a07.xls).

These often bilateral struggles over the claims on revenues that the TRIPS agreement establishes solidify the idea that one side has something to gain the other something to lose. They do nothing to develop an understanding of how and in what form intellectual property rights might contribute to development.

Several World Bank projects have been mounted to help poor people to earn more from their knowledge. In these projects the objective is commercial: increased earnings from knowledge. A revised legal structure is among the instruments that might help to advance this objective. In these projects, sometimes better patent or copyright enforcement is part of the solution, other times supply capacity, better marketing, getting rid of governmental red tape such as export controls or access to imported inputs and other directly commercial tools are more important. A tentative conclusion from this work is that when the objective is to help poor people earn more from their knowledge, TRIPS is neither an instrument nor impediment. Its wiggle room can accommodate things that work for poor people, its concepts do not help to find them.

An obvious reason to be skeptical that the "development dimension" of intellectual property rights will trickle down from TRIPS is that TRIPS, at least in law, deals only with the *trade-related* aspects of intellectual property rights. Its coverage of the development dimension is thus limited to *the development dimension of the trade-related aspects* of intellectual property. This leaves out a lot of people. In Senegal, for example, of some 30,000 musicians who complain about counterfeit reproductions and radio stations who play their music without paying royalties, less than 10 enjoy international sales. For the other 29,990, intellectual property rights is not trade-related, it is strictly a domestic issue. TRIPS provides no basis for the 29,990 to petition for better enforcement of copyright on their behalf.

Knowledge has an important role in development, and intellectual property rights have a role in turning knowledge into a commercial asset, in helping poor people to earn more from knowledge. Development institutions should lead here, trade negotiations cannot.

D. Singapore Issues

The basket many have labeled "Singapore Issues" contains investment, competition policy, transparency in government procurement, and trade facilitation. To investment and competition policy the Declaration attaches the familiar but hardly operational qualification, "trade-related aspects only." The government procurement negotiations—explicitly—will not take up restricting the scope for countries to give preferences to domestic supplies and suppliers.

On competition policy, Winters (2002) argues convincingly that an agreement—like other New Area agreements—would require (though not necessarily legally obligate) developing countries to adopt developed country practices and standards. If a developed and a developing country were acting together against a hard-core cartel, Winters reasons, the developed country government would not want its case undermined by laxity on the part of the developing country. This, like other New Area obligations, would cost considerable money to establish and then to operate, which many developing countries could not afford. Winters (2002) points out that the Anti-Trust Division of the US Justice Department had a budget in 2000 of $110 million, the UK Office of Fair Trading a staff of 450 and a budget of £33 million.

As with the standards agreements, an agreement on competition policy would not necessarily obligate a poor country to establish a competition authority that met such standards, but it would provide a basis for countries who already meet the standards to challenge actions by those who do not. Procurement obligations could have the same effect.

Investment negotiations and competition policy negotiations raise questions about the possibility of finding within the agreement a balance of concessions given versus concessions received. Again the thrust of the agreement would be toward imposing as international obligation the policies already in place in the developed countries. It might make economic sense for developing countries to do so, but such is a decision more effectively made through the processes of development institutions: country-specific evaluation of policy alternatives from the perspective of their costs and benefits. Bringing forward such reforms as concessions to foreign interests tends to focus on their costs and to underplay their benefits.

The concerns Finger and Schuler (2000) have raised about taking up the Uruguay Round New Area issues from the perspective of their trade-related aspects also apply to the Singapore issues. There are two issues. First such new regulations and institutions cost money to negotiate and to implement, money that might have a higher development pay-off somewhere else, e.g., in education for women. Second, their trade-related aspects as viewed by trading partners may be a poor guide to their economic development dimensions.

Finally, developing country concessions on Singapore issues could be a claim developed countries will press in order to counter pressure on them to make concessions in agriculture.

E. Antidumping

The Declaration paragraph on WTO rules specifies that there will be negotiations on antidumping; to clarify and to improve disciplines while preserving basic concepts.

The relevant concept from negotiating history is water in the tariff. When GATT began, tariffs were more than high enough to protect domestic suppliers—the first few rounds of GATT tariff negotiations then had little trade impact.

Though negotiations have moved tariffs from high to low, they have moved antidumping rules from simple to complex. There are today sufficient technicalities that any national authority of a mind to reach an affirmative determination can make a case. At the same time, any WTO panel so disposed will be able to find a technicality on which to discredit the national determination. (Use of antidumping is burgeoning, so far every antidumping case brought to the WTO has been found inconsistent with the national authority's obligations.) Adding a few technicalities here, trimming a few there, will have no impact. [15]

[15] The escalating legal cost of maneuvering within them does have the existential effect of disciplining use by pricing out smaller industries.

In the initial GATT, trade remedies were a "pressure valve", an instrument government used to manage domestic politics to maintain a policy of liberalization. As usage evolved, trade remedies have become expressions of the rights of import-competing interests to protection—an entitlement owned by import-competing industries that government must honor.

To return antidumping and other trade remedies to their original GATT perception will depend on changing first the domestic politics of trade remedies. This requires putting the interests of users of imports on the same basis as those of import-competing producers. It is not likely that international negotiations will do so; the entrenched antidumping users have an even tighter grip on the international negotiators than on the domestic politics of application.[16]

Developing countries have been since the Uruguay Round more frequent users of antidumping than developed countries.[17] This raises suspicion that on a WTO draft that really would provide discipline, developing country negotiators would not be able to deliver the agencies of their own governments that operate antidumping mechanisms.

F. Subsidies

The subsidies negotiations have more or less the same terms of reference as the antidumping negotiations—to clarify and to improve disciplines while preserving basic concepts. Fisheries subsidies will be on the table. Environmental interests and economic analysis both suggest removal of such subsidies.

The tendency in negotiations to defend one's own policies without regard to their economic impact is particularly dangerous here. To point out that the agriculture agreement, for example, allows developed countries to maintain larger subsidies than developing countries are allowed is a mercantilist debating point, it is not sound policy advice for developing countries. The development dimension must be found in sound analysis of what makes sense as domestic economic policy.

G. Technical Assistance, Capacity-Building

The topic of trade-related technical assistance or capacity building covers a wide range of possible activities. It might include, for example:

(i) reforming laws and regulations as WTO obligations demand,
(ii) providing the staff, staff training, laboratories, computers, etc. to make the regulations work,
(iii) maintaining larger Geneva delegations, engaging more actively in WTO affairs,

[16] Finger (1993) elaborates this point.
[17] Finger, Ng, and Wangchuk (2001) document the point and explore its implications.

(iv) improving developing countries' overall capacity to respond to the opportunities offered by the trading system.[18]

We know a little about what the first two of these would cost. An estimate for a small country of the cost of the requisite legal reforms is $10 million (English, Hoekman, and Mattoo 2002, Box 48.1). Add the equipment needed for a larger country with significant interests in agricultural exports and therefore considerable need for laboratory equipment, quarantine stations, etc. the figure comes to $150 million (Finger and Schuler 2000).

There has been considerable pressure for help through the WTO, but Trade Ministers and Ministries do not have authority or even influence within their governments over the relevant sums. For 2002 the WTO budget for technical cooperation missions plus trade policy training courses totals 3,694,000 Swiss Francs, just over $2 million (WTO 2002a). The WTO has over 100 developing Members. Several WTO members have taken the initiative to organize a Doha Development Agenda Global Trust Fund, which has a target of 15 million Swiss Francs to support technical assistance and capacity-building (WTO 2002b).

The stalemate at the WTO over provision of such assistance has prompted Rubens Ricupero (2000) to suggest that in the future, negotiations over topics that will involve expensive implementation be accompanied by an "implementation audit." Such an audit would identify concretely what developing countries will have to do and what it will cost. Short of a bound commitment from the developed countries to meet such costs, statements about implementation assistance would be left out. This would avoid creating the rhetoric (only) of reciprocity by exchanging bound commitments for unbound promises.

H. Implementation

The Doha Declaration provides that where there is a specific negotiating mandate implementation issues will be included in the negotiations. Other implementation issues will be addressed "as a matter of priority" by the relevant WTO bodies. The additional Doha Decision on Implementation-Related Issues and Concerns provides some insight into what the Ministers conceive as the content of "implementation." Table 6 provides a tabulation of the 45 individual points included in that Decision.

[18] The last item is from the call in the WTO Singapore Ministerial Declaration of 1996 for a Plan of Action for the least developing countries and for the creation of the Integrated Framework among multilateral institutions.

Table 6. **Doha Decision on Implementation: Tabulation of Individual Points by Subject**

Subject	Number of Points
Use or extension of special and differential treatment provisions	16
Phase-in	10
Review to clarify certain parts of the antidumping, subsidies, and TRIPS agreements	8
Technical assistance (unbound)	
to participate in the WTO or standards-related international bodies	4
to implement WTO obligations	6
Reminder that Members have a *legal obligation* under TRIPS Article 66.2 to provide incentives for their enterprises and institutions to promote technology transfer to least developed countries	1

Note: This interpretation is intended to be explanatory but has no official standing. All questions about meaning of the Decision should refer to the text of the Decision.

The Decision introduces no new concepts on what might be done; all of the points fall into familiar GATT/WTO categories. They do not have much substance. Many of the Decision points "reaffirm", some ask for review, one "agrees that investigating authorities shall examine with special care." Sixteen are about special and differential treatment. The Ministers, for example, instruct the WTO Committee on Trade and Development to make a list of special and differential treatment provisions in the WTO agreements and to provide recommendations on ways in which they might be made more effective and on which of them might be made mandatory. Ten are about technical assistance, with no indication that the WTO Ministers have any more influence over the needed resources than they had when the Uruguay Round promises were made.

Perhaps the most substantive of the 45 points deals with a Uruguay Round subsidy agreement provision that allows a country with per capita income below $1,000/year to grant certain subsidies prohibited to other countries. The Ministers in the Decision take the matter further. They state agreement that if a Member's per capita income rises above $1000/year, then later falls below, the country again is clear to grant such subsidies.

V. CONCLUSIONS AND RECOMMENDATIONS

Multilateral trade liberalization has been an indispensable part of development. It provides export opportunities, stimulus for domestic reforms, and discipline against domestic backsliding. Today the trade agenda most directly linked to poverty reduction and economic development is the removal of distortions to agricultural trade and of import restrictions on industrial goods.

To keep development moving, reducing developing country protection is as critical as reducing developed country protection. Active participation in multilateral liberalization is perhaps a more important part of developing country reform now than it was a decade ago. The groundwork for developing country participation in the Uruguay Round was the domestic politics underpinning several decades of unilateral reform. Active participation in the Uruguay Round increased the dependence of their domestic politics on outside pressure for continued reform. It is therefore even more important now than it was at the Uruguay Round to maintain pressure through the WTO on developing countries to continue their trade liberalization.

Perhaps the least development-friendly side of the Doha Declaration is its willingness to ladle out "special and differential treatment" without a perception of where developing Members would be better off if *they themselves* observed the disciplines the negotiations aim to establish. On this score the Declaration comes close to getting it backward; soft on trade liberalization by developing countries where it should be hard, insistent on expanding trade negotiations into new areas of behind-the-border policies and institutions, where the Uruguay Round indicates that trade negotiations provide a troubled approach to development. On services liberalization the Declaration got it right: it follows the Uruguay Round mode.

At the Uruguay Round the trade community addressed itself to several aspects of economic structure that have important development dimensions. On services, the trade negotiators' casualness to the relevant economics has not been a problem because the agreement allows each party to work out the relevant economics step-by-step. In other areas, where the Uruguay Round imposed generic legal obligations, there are problems. The agreement on intellectual property rights is a glaring example. Knowledge is critical for development. Helping people earn more from knowledge and depend less on muscle is a noble objective. Building property rights in poor countries is critical for development.[19] There has to be however a better way to do it than to tell developing countries that they owe $60 billion/year for which they get nothing in return. That is the TRIPS legal reality. The Uruguay Round may have set back rather than advanced the formation of commercial constituencies in developing countries that would benefit from a higher standard of intellectual property rights.

Development institutions must lead here. On subjects such as standards and intellectual property the development institutions' approach is more appropriate than the trade negotiators'. Development institutions are more comfortable with the (dull) technicalities of project design and cost-benefit analysis. Their legalities—that follow rather than lead project design—are country-specific and project-specific, more suited to the one-off problems and trial-error rhythm of what is needed here than is WTO's generic approach to legal obligation.

Two guidelines to ensure that trade negotiations advance development:

(i) Apples for apples.

(ii) All reciprocity is local.

Grand bargains over wide spans do not work, particularly bargains in which what you pay is written into the contract, and what you get will come from "economics." Rubens Ricupero (2000) was on the right track, he noticed that the promised technical assistance in the Uruguay

[19] Hernando de Soto (1990) makes the case well.

Round new areas was unbound. He did not however go far enough, he overlooked that the *economic benefits themselves* were unbound. First, make sure the benefits are as legally bound as the costs, then see that the frills such as adjustment assistance are also legally bound. Do not trust trade ministers when they talk about money, they do not have any. In tariff negotiations each country's costs are in the same coin as its benefits, one as legally bound as the other. GATS allows the same, stick with that model.

The softness in TRIPS and other agreements that take the form of generic obligations over behind-the-border regulations and institutions is more than creative ambiguity. It is reality. TRIPS regulations that relate to domestic institutions and rules are necessarily flexible because reform needs differ across countries. It is not technically or otherwise possible to address in a one-size-fits-all way the specific needs of many different countries. If this mode of agreement is proposed for additional areas of behind-the-border regulations and institutions, Members should be aware that "project design" becomes then the turning of legal obligations into commercial realities. That activity depends on the business skills of the commercial constituencies with interests at stake. Commercial, not just diplomatic interests must be brought to bear early – on negotiations that create the legal obligations that commercial skills later turn into commercial realities. The shift of power from diplomacy to business is not easy—it took the US Congress 25 years to reorient the US delegation. Those that have accomplished the shift will dominate future negotiations.

An agenda of agriculture, industrial tariffs, and services would have considerable potential. In each part each party would gain from its own concessions as well as from those of others. This is the situation in which traditional trade negotiations have done a lot of good in the past. Remember, the contribution of trade negotiations stems from their capacity to overcome the political incorrectness of good economics, not from their capacity to supply good economics.

A broad agenda, some argue, is needed to provide something for everyone, but this is contradicted by GATT's history. The domestic politics of winners versus losers will not support it. Furthermore, a broad exchange is not necessarily a positive one. A broad agenda can trade nothing for nothing as well as something for something. If the developed countries put in competition policy only to have a "receivable" to nullify their "payable" on agriculture, shame on them.

Financial negotiations recognize that the subject is money and they send the accountants first. The diplomats do not come until the parties agree on the numbers, and diplomats not comfortable talking to accountants do not come. Trade negotiators, Run the numbers! Particularly if you stray into behind-the-border matters, Run the numbers. Draw on commercial constituencies and on Ministries who have operational responsibilities in the areas being negotiated. In tariff negotiations each country's costs are in the same coin as its benefits, one as legally bound as the other. GATS allows the same, stick with that model.

Development institutions, Get into the game. If there is momentum behind the development dimensions of the new areas, then the trade dimensions can be managed; but one cannot push the string. Run the numbers. This is about money, not diplomacy.

APPENDIX

Summary Content: Doha Ministerial Declaration Work Program

I. Negotiations

Agriculture

1. Negotiations aimed at substantial improvements of *market access*, reductions, with a view to phasing out, all forms of *export subsidies*, substantial reductions of trade-distorting *domestic support*;
2. without prejudging the outcome of the negotiations;
3. allow developing countries to take into account development needs including food security and rural development;
4. taking nontrade concerns into account is confirmed; and
5. special and differential treatment shall be an integral part.… embodied in the schedules of concessions.… in the rules and disciplines.… so as to be operationally effective.

Market Access for Nonagricultural Products

1. Negotiations shall aim to reduce or eliminate tariffs, tariff peaks, high tariffs, tariff escalation, nontariff barriers,
2. in particular on products of export interest to developing countries; and
3. less than full reciprocity from developing and least developed countries.
4. Modalities will include *studies and capacity-building measures to assist least developed countries* to participate effectively in negotiations.

Services

1. With a view to promote economic growth of all members, the development of developing and least developed countries;
2. previously agreed guidelines and procedures are reaffirmed; and
3. participants shall submit initial requests by 30 June 2002, initial offers by 31 March 2003.

Trade-Related Aspects of Intellectual Property Rights

1. Ministers stress the importance of implementation and interpretation supportive of public health … adopt a separate Declaration…;
2. agree to negotiate a multilateral system of notification and registration of geographic indicators for wines and spirits; and
3. extension of protection of geographic indicators will be addressed in the TRIPS Council.
4. Ministers instruct the TRIPS Council to examine the relation between TRIPS and the Convention on Biological Diversity, the protection of traditional knowledge and folklore…

Relationship between Trade and Investment, Interaction between Trade and Competition Policy, Transparency in Government Procurement, Trade Facilitation

1. Negotiations will take place after the Fifth Ministerial, by explicit consensus, according to modalities adopted there.
2. Until the Fifth Ministerial the relevant Working Group or Council will continue preparatory work on scope and definition, modalities, etc.

3. Ministers support technical assistance and capacity building.
4. Negotiations on government procurement explicitly limited to transparency, not to restrict the scope for countries to give preferences to domestic supplies and suppliers.

WTO Rules

1. Clarify and improve disciplines under the antidumping and subsidies and countervailing measures agreements; and
2. preserve basic concepts and objectives of these agreements and their instruments.
3. Clarify and improve disciplines on fisheries subsidies; on WTO provisions on regional agreements.
4. Take into account development needs of developing countries (mentioned three times in the section)

Dispute Settlement Understanding

1. Negotiations on improvements and clarifications.

Trade and Environment

1. Negotiations without prejudging their outcome;
2. on procedures for information exchange between Secretariats of multilateral environmental agreements (MEAs) and WTO;
3. on relationship between WTO rules and trade obligations in MEAs; (limited to the impact of existing WTO rules among parties to the MEA in question);
4. on reduction or elimination of tariff and nontariff barriers on environmental goods and services; and
5. include identification of any need to clarify WTO rules.

Electronic Commerce

1. Ministers agree to continue the *Work Program* on electronic commerce; and
2. declare that Members will maintain their current practice of not imposing customs duties on electronic transmissions until the Fifth Ministerial.

II. Continuing Consideration (Not Negotiations)

Small Economies

1. Ministers agree to a work program under the General Council; and
2. to further integrate small, vulnerable economies into the multilateral trading system, not to create a WTO subcategory.

Trade, Debt, and Finance

1. Ministers agree to examination in a Working Group under the General Council, of the relationship among trade, debt, and finance; and
2. strengthen coherence of international trade and financial policies.

Trade and Transfer of Technology

1. Ministers agree to examination in a Working Group under the General Council of the relationship between trade and transfer of technology.

III. Cross-Cutting Considerations

Implementation-Related Issues and Concerns

1. Where there is a negotiating mandate implementation issues will be an integral part of the negotiations; and
2. other implementation issues to be addressed as a matter of priority in the relevant WTO bodies.

Technical Cooperation and Capacity Building

1. Confirm that technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system.
2. Instruct the Secretariat with other agencies to support domestic efforts to mainstream trade into development, poverty reduction strategies.
3. WTO technical assistance is to assist developing and transition countries to adjust to WTO rules and disciplines, implement obligations, and exercise the rights of membership, including drawing on the benefits.

Least Developed Countries

1. Ministers recognize the needs for market access, support for technical assistance, capacity building, diversification of production, and export structures;
2. welcome past market access improvements and commit to consider additional market access;
3. agree to work to facilitate and accelerate negotiations with acceding least developed countries (LDCs);
4. endorse the Integrated Framework and urge development partners to increase contributions to the Integrated Framework trust fund; and
5. instruct the Subcommittee for LDCs to design and report a work program consistent with the WTO mandate adopted at the Third UN Conference on LDCs.

Special and Differential Treatment

1. Ministers reaffirm that special and differential treatment is an integral part of WTO agreements; and
2. agree that special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective, and operational.

Note: This interpretation is intended to be explanatory but has no official standing. All questions about meaning of the Declaration should refer to the text of the Declaration.

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